

S. HRG. 109-363

**CURRENT AND FUTURE WORLDWIDE THREATS
TO THE NATIONAL SECURITY OF THE UNITED
STATES**

**HEARING
BEFORE THE
COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE
ONE HUNDRED NINTH CONGRESS**

FIRST SESSION

MARCH 17, 2005

Printed for the use of the Committee on Armed Services



U.S. GOVERNMENT PRINTING OFFICE
27-088 PDF

WASHINGTON : 2006

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

COMMITTEE ON ARMED SERVICES

JOHN WARNER, Virginia, *Chairman*

JOHN McCAIN, Arizona	CARL LEVIN, Michigan
JAMES M. INHOFE, Oklahoma	EDWARD M. KENNEDY, Massachusetts
PAT ROBERTS, Kansas	ROBERT C. BYRD, West Virginia
JEFF SESSIONS, Alabama	JOSEPH I. LIEBERMAN, Connecticut
SUSAN M. COLLINS, Maine	JACK REED, Rhode Island
JOHN ENSIGN, Nevada	DANIEL K. AKAKA, Hawaii
JAMES M. TALENT, Missouri	BILL NELSON, Florida
SAXBY CHAMBLISS, Georgia	E. BENJAMIN NELSON, Nebraska
LINDSEY O. GRAHAM, South Carolina	MARK DAYTON, Minnesota
ELIZABETH DOLE, North Carolina	EVAN BAYH, Indiana
JOHN CORNYN, Texas	HILLARY RODHAM CLINTON, New York
JOHN THUNE, South Dakota	

JUDITH A. ANSLEY, *Staff Director*
RICHARD D. DEBOBES, *Democratic Staff Director*

C O N T E N T S

CHRONOLOGICAL LIST OF WITNESSES

CURRENT AND FUTURE WORLDWIDE THREATS TO THE NATIONAL SECURITY OF THE UNITED STATES

MARCH 17, 2005

	Page
Goss, Hon. Porter J., Director of Central Intelligence	4
Jacoby, VADM Lowell E., USN, Director, Defense Intelligence Agency	12

(III)

CURRENT AND FUTURE WORLDWIDE THREATS TO THE NATIONAL SECURITY OF THE UNITED STATES

THURSDAY, MARCH 17, 2005

**U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC.**

The committee met, pursuant to notice, at 9:35 a.m. in room SD-106, Dirksen Senate Office Building, Senator John Warner (chairman) presiding.

Committee members present: Senators Warner, McCain, Inhofe, Roberts, Sessions, Talent, Cornyn, Thune, Levin, Kennedy, Lieberman, Bill Nelson, E. Benjamin Nelson, Dayton, and Clinton.

Committee staff members present: Judith A. Ansley, staff director; and Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Charles W. Alsup, professional staff member; Gregory T. Kiley, professional staff member; Thomas L. MacKenzie, professional staff member; Lynn F. Rusten, professional staff member; and Richard F. Walsh, counsel.

Minority staff members present: Richard D. DeBobes, Democratic staff director; Evelyn N. Farkas, professional staff member; Richard W. Fieldhouse, professional staff member; Creighton Greene, professional staff member; Bridget W. Higgins, research assistant; and William G.P. Monahan, minority counsel.

Staff assistants present: Catherine E. Sendak, Bridget E. Ward, Nicholas W. West, and Pendred K. Wilson.

Committee members' assistants present: Cord Sterling, assistant to Senator Warner; John A. Bonsell, assistant to Senator Inhofe; Chris Arnold, assistant to Senator Roberts; Arch Galloway II, assistant to Senator Sessions; Mackenzie M. Eaglen, assistant to Senator Collins; Russell J. Thomasson, assistant to Senator Cornyn; Bob Taylor, assistant to Senator Thune; Mieke Y. Eoyang, assistant to Senator Kennedy; Frederick M. Downey, assitant to Senator Lieberman; Elizabeth King, assistant to Senator Reed; Richard Kessler, assistant to Senator Akaka; William K. Sutey, assistant to Senator Bill Nelson; and Eric Pierce, assistant to Senator Ben Nelson.

OPENING STATEMENT OF SENATOR JOHN WARNER, CHAIRMAN

Chairman WARNER. Good morning. The committee meets this morning to hear from the very distinguished Director of Central In-

telligence (DCI), Porter Goss, and the Director of Defense Intelligence, Admiral Lowell Jacoby. We welcome you.

There are few if any precedents for the challenges our Intelligence Community faces in this post-September 11 world. The security of our Nation and the success of our Armed Forces of the United States and their security themselves is so dependent on the hard work of thousands and thousands of civilians and uniformed persons who are proud to say they are professionals and comprise the overall U.S. intelligence system. We salute them and we thank them.

We are entering an important new era for our Intelligence Community. Last fall, Congress passed and the President signed into law the Intelligence Reform Act of 2004. Ambassador Negroponte has been nominated to be the first Director of National Intelligence (DNI), and we have been fortunate as American citizens to have the continuing public services of Director Goss.

During the time of transition it is of utmost importance that critical intelligence support our national leadership as well as our battlefield commanders. Indeed, intelligence support should continue to improve. At the same time, it is important that all elements of our Intelligence Community, all approximately 15 departments and agencies, seize the opportunity to improve our intelligence capabilities as best they can.

In a time of war we tend to focus on current military operations and we do ask both of our witnesses to give us their best estimates regarding the threats our forces are facing in Iraq and Afghanistan and elsewhere in the world, and their assessment of the political process in this region, particularly Afghanistan and Iraq, and how that political process blends into not only intelligence-gathering, but also the security of our forces.

We must not lose sight of the other threats around the world. It is complex and ever-changing. Indeed, the Korean peninsula, Iran, proliferation of weapons of mass destruction (WMD) and missile technologies, and accelerating military buildup under way in China, are trends which bear on our current security situation and future.

A special interest of the committee is the evolving situation in the Middle East. After years of violence and hopelessness that has fueled terrorism and discontent throughout the region and indeed throughout the world, there are signs of change and hope: free elections in Iraq, the call for democracy, an end to the Syrian occupation in Lebanon, free elections in the Palestine territories, a promising commitment to peace by President Abbas, electoral reform in Egypt, Saudi Arabia, and elsewhere, and the list goes on. I would hope our witnesses would comment on that.

Again, I thank you for your service.
Senator Levin.

STATEMENT OF SENATOR CARL LEVIN

Senator LEVIN. Mr. Chairman, thank you, and let me first join you in welcoming our witnesses to our committee this morning and to this hearing on the threats facing the United States.

We need to have credible intelligence to wisely address these threats. The Intelligence Community's massive intelligence failures

before the Iraq War, set forth in the 500-page report of the Senate Select Committee on Intelligence, understandably raised questions about the reliability of intelligence assessments. Making decisions based on faulty intelligence risks the lives of our men and women in the Armed Forces. Decisions based on erroneous intelligence relative to Iran and North Korea, for instance, could be life and death decisions for millions and indeed for nations.

Faulty intelligence plays into the hands of those in the world who bear us ill will. Because our credibility globally has been harmed by the intelligence failure in Iraq, there is less support from people and nations around the world for the United States and for the war on terrorism. As Admiral Jacoby says in his prepared statement, "Multiple polls show favorable ratings for the United States in the Muslim world at all-time lows." While there are a number of reasons for the situation to which that statement refers, I believe that having been so wrong on our intelligence assessments before the Iraq war was a significant contributor to this negative view of the United States.

Harmful consequences to our security follow from such a situation because we depend on other people and other nations to provide us with valuable tips in information, i.e., intelligence. When we face future international security crises based on our Intelligence Community's assessment that there is a threat, we will undoubtedly seek the support and cooperation of the international community. It will be harder to secure that cooperation if our intelligence is not viewed as credible and objective.

Admiral Jacoby also notes in his opening statement that, "Most Iraqis see Coalition Forces as occupiers and as a major cause of the insurgency." I hope that the new Iraqi Government will as a matter of the highest priority invite the international community, including the United States, to have military forces in Iraq. I believe that such an invitation could help to change the perception that we are an occupying force to one of an invited partner, working with the Iraqi security forces to bring stability to Iraq. Such an explicit invitation from the new Iraqi Government could also lead more countries, including Muslim countries, to provide troops, training, equipment, and other resources to Iraq. Such a change in perception could facilitate a greater willingness of the Iraqi people to provide intelligence on the insurgents, could reduce the numbers of deaths and injuries among Coalition Forces, could lead to an earlier takeover of security by Iraqis and to our earlier departure.

Finally, I would note that since this time last year Congress passed the Intelligence Reform and Terrorism Prevention Act of 2004. I hope that the reforms that are under way will improve our ability to deal with threats to our Nation and to our people and I would be interested in hearing what our witnesses could tell us about whatever progress may have been made in implementing Intelligence Community reforms to this point.

This committee has a special responsibility to the men and women of our Armed Forces to be vigilant on intelligence programs because decisions to use military force and planning for military operations depend so heavily on intelligence. Our witnesses are keenly aware of their heavy responsibility and we look forward to their testimony.

Chairman WARNER. Thank you, Senator Levin.
Director Goss, we are prepared to have your statement. We welcome you to the committee.

**STATEMENT OF HON. PORTER J. GOSS, DIRECTOR OF
CENTRAL INTELLIGENCE**

Mr. Goss. Thank you, Chairman Warner and Ranking Member Levin, thank you, for the opportunity to be here today. I would ask unanimous consent that my full statement could be made part of the record so I could abbreviate my statement, sir.

Chairman WARNER. Without objection, and that will likewise apply to Admiral Jacoby.

Mr. Goss. Mr. Chairman, Mr. Levin: Thank you so much for the opportunity to be here today. I hope to accomplish a number of things during this time. I want to briefly share with you my thoughts relative to the threats that are facing the United States in the coming years. But by virtue of the unclassified nature of this setting, I am not going to go into a great deal of detail, and I do look forward to a more in-depth discussion of the threats with the committee in our closed session.

I also want to discuss the broader issue of capabilities the Intelligence Community requires to face these threats. The capabilities issue is one that fundamentally impacts the way we support policymakers and warfighters, and of course we need your help with the capabilities question.

The war on terrorism has presented the Intelligence Community with challenges unlike any before. In response, we have changed some of the ways we gather secrets. We are facing small groups of terrorists and extremists, rather than standing armies. They operate out of homes and caves rather than military bases and government entities. They do not necessarily wear uniforms, they do not always use conventional ordinance, and they do not observe norms and standards of civilized society. Only a few individuals may know the complete plan of any given terrorist plot.

Professional interrogation has become a very useful and necessary way to obtain information to save innocent lives, to disrupt terrorist schemes, and to protect our combat forces. The United States Government has had documented success protecting people and capturing terrorists with such information. As I have publicly said before, the United States Government does not engage in or condone torture.

We will continue to be successful and take terrorists and extremists off the battlefield, but these are risky activities we undertake and I will be asking the men and women of the Central Intelligence Agency (CIA) to take even more risks, justifiable risks, in the months and days to come. I would much rather explain why we did something than why we did nothing, and I am asking your support in that endeavor.

The volume and scope of information that the Intelligence Community collects, processes, and provides to policymakers and warfighters has grown tremendously. We face several issues here. First, I believe we have made great strides in improving the information flow between analysts at the CIA, the Federal Bureau of Investigation (FBI), Department of Homeland Security (DHS), and

others. We still face challenges. We all understand this and we are working hard to improve the information-sharing in all directions, horizontal and vertical, and those are some of the implementations that Senator Levin was referring to in his opening remark.

Second, as we continually vet sources of threat information we need to do better at discerning what is a real threat and what is just wishful thinking and to establish a threshold for devoting analytical and operational resources, which are precious, to track down a lead. Establishing this threshold is also critical to our ability to provide intelligence on options for strategic decisions and to give the American public an accurate assessment of the actual threat facing this country.

Third, for all the successes we have had and the advances we have made, serious and unnecessary damage has been caused by media leaks. Unauthorized disclosure of classified information threatens the survivability of the sources and methods that we depend upon. We have lost opportunity, if not capability, because of irresponsible leaks and this has made it easier for our enemies.

Collecting secrets and keeping them secret is only half the battle. Having intelligence that is actionable and is acted upon through clearly defined mechanisms is just as critical. Terrorists brought the war to our soil. We have taken the war to them. Sometimes this requires what we euphemistically call a kinetic solution on foreign soil. We have to be able to use all of the tools at our disposal and understand the consequences of how we use them. Dealing successfully with dangerous terrorists requires rapid application of proper capabilities, whether the U.S. Government is conducting planned strikes or exploiting targets of opportunity.

I welcome the President's directive to increase the CIA's human intelligence (HUMINT) and analytical capabilities by nearly half. The good news is that smart, eager, and talented people are applying for work in record numbers. Recruiting, training, equipping, and retaining the new, more diverse work force will be a growing endeavor, and it is one we have under way.

To do so, I want to help establish a National University of Intelligence, not just for the CIA but for all agencies within the Intelligence Community. This will be one initiative I will bring to the DNI when he gets started. This will help define a new Intelligence Community culture, better coordinate the way we do business across government, and enhance a willing cooperation among all.

I look forward to DNI's confirmation and leadership in bringing together the collective efforts of our Intelligence Community. He will be faced with decisions about how information is collected, prepared, and delivered to the President and to other senior leaders and customers. I am ready to help DNI marshall the efforts and resources of the domestic and intelligence operations of Intelligence Community agencies, not just in the war on terrorism, but also in our other necessary global endeavors.

As I turn over the DCI responsibilities for the Intelligence Community, I am confident that the 15 agencies in the Intelligence Community will rally around the DNI and bring their unique abilities to bear on the joint mission of making America safer.

Now, turning to those specific threats other than terrorism, I will not attempt to cover everything that could go wrong in the year

ahead. That would be a very long list. We must and do concentrate our efforts, experience, and expertise on matters that are most pressing, and obviously defeating terrorism is one. Protecting the homeland goes with that; stopping proliferation of WMD and, of course, the proliferation of drugs. More people are killed every year from illegal use of drugs in this country than by terrorism. Fostering stability, freedom, and peace in the most troubled regions of the world obviously is at the top of our list as well.

Mr. Chairman, defeating terrorism will remain our top objective. Widely dispersed terrorist networks present real danger to U.S. national security interests at home and abroad. Our reporting indicates al Qaeda is intent on finding ways to circumvent U.S. security enhancements, to strike Americans and our homeland. Their intent, perhaps their passion, to harm us for being who we are, is just as vital as it ever was.

Our reporting that al Qaeda or another group wants to use chemical, biological, radiological, and/or nuclear weapons cannot be ignored. The threat from the Sunni jihadist movement is broad. We have witnessed this in Madrid, Bali, the Philippines, Saudi Arabia, and of course many other places. It is worth noting that other groups in Pakistan, Southeast Asia, Central Asia, East Africa, and Europe also pose a significant threat to our security and interests. In Iraq, Zarqawi merged his organization with al Qaeda last year, seeking to bring about the final victory in his version of Islam over the infidels and apostates.

Under proliferation, let me begin with Libya, a good news story and one that shows that with patient perseverance the Intelligence Community can tackle and achieve remarkable things. In 2004, Tripoli followed through with a range of steps to disarm itself of WMD and ballistic missiles. The U.S. continues to work with Libya to clarify some discrepancies in that declaration, but all in all we are seeing some very helpful cooperation from Tripoli these days.

Looking at North Korea and Iran, we have different issues. Pyongyang has announced it has a nuclear weapon capability. Concern remains that Iran could utilize the uranium enrichment technology it is pursuing to achieve a nuclear weapon.

In other areas of concern more traditionally, we go to the countries. In China, Beijing's military modernization and modernization buildup, which I know has not gone unnoticed by this committee, are posing new questions for us. Improved Chinese capabilities seemingly threaten U.S. forces in the region. China's recent legislation on anti-secession speaks for itself.

In Russia, the attitudes and actions of the former Committee for State Security of the Former Soviet Union (KGB) associates that President Putin has placed in positions of power throughout the Russian Government may be critical determinants of the course Putin will pursue in the year ahead.

In the Middle East, the election of Palestinian President Mahmoud Abbas, of course, marks a very welcome step forward. There nevertheless are real hurdles ahead as the Palestinian leadership tries to rebuild the Palestinian Authority and to counter terrorist groups that could destabilize the current calm and derail talks. They have apparently not lost their desire to do that.

In Southeast Asia, the Philippines is struggling with prolonged radical Islamic and communist rebellion and the presence of terrorists seeking safe haven and training bases. Thailand is plagued with an increasingly volatile separatist threat in its southeastern provinces and the risk of escalation remains there.

In Africa, chronic instability in countries such as the Sudan and Nigeria and in areas such as the Horn of Africa will continue to hamper counterterrorism efforts and offer potential sanctuary for terrorists.

In Latin America, the region is entering a major electoral cycle in 2005-2006 when Brazil, Colombia, Costa Rica, Ecuador, Mexico, Nicaragua, Peru, Venezuela, and now Bolivia are scheduled to hold presidential elections. Several key countries in the hemisphere are potential flash points in 2005, including Venezuela, Haiti, Colombia, and Cuba.

Mr. Chairman, Senator Levin, again I want to thank you for this opportunity. There are an awful lot of sore spots out there on this globe. We are trying to stay on top of them so we are well informed and can keep you informed, so that we all can take the appropriate actions on behalf of the United States of America. The help of your committee to this exercise will be invaluable to us.

I thank you for the opportunity to be here to say that and to answer the questions you may have for me. I would be very happy to expand on assessments, as you suggested, Mr. Chairman, on the situation and the opportunities ahead of us in Afghanistan and Iraq, should you so desire.

[The prepared statement of Mr. Goss follows:]

PREPARED STATEMENT BY HON. PORTER J. GOSS

Good morning, Mr. Chairman, Ranking Member Levin, members of the committee. It is my honor to meet with you today to discuss the challenges I see facing America and its interests in the months ahead. These challenges literally span the globe. My intention is to tell you what I believe are the greatest challenges we face today and those where our service as intelligence professionals is needed most on behalf of the U.S. taxpayer.

We need to make tough decisions about which haystacks deserve to be scrutinized for the needles that can hurt us most. We know in this information age that there are endless haystacks everywhere. I do want to make several things clear:

- Our officers are taking risks, and I will be asking them to take more risks—justifiable risks—because I would much rather explain why we did something than why we did nothing.
- I am asking for more competitive analysis, more collocation of analysts and collectors, and deeper collaboration with agencies throughout the Intelligence Community. Above all, our analysis must be objective. Our credibility rests there.
- We do not make policy. We do not wage war. I am emphatic about that and always have been. We do collect and analyze information.

With respect to the Central Intelligence Agency (CIA), I want to tell you that my first few months as Director have served only to confirm what I and Members of Congress have known about CIA for years. It is a special place—an organization of dedicated, patriotic people. In addition to taking a thorough, hard look at our own capabilities, we are working to define CIA's place in the restructured Intelligence Community—a community that will be led by a new Director of National Intelligence (DNI)—to make the maximum possible contribution to American security at home and abroad. The CIA is and will remain the flagship agency, in my view. Each of the other 14 elements in the community will continue to make their unique contributions as well.

Now, I turn to threats. I will not attempt to cover everything that could go wrong in the year ahead. We must, and do, concentrate our efforts, experience and expertise on the challenges that are most pressing: defeating terrorism; protecting the

homeland; stopping proliferation of weapons of mass destruction (WMD) and drugs; and fostering stability, freedom, and peace in the most troubled regions of the world. Accordingly, my comments today will focus on these duties. I know well from my 30 years in public service that you and your colleagues have an important responsibility with these open sessions to get information to the American people. But I also know all too well that as we are broadcasting to America, enemies are also tuning in. In open session I feel I must be very prudent in my remarks as DCI.

TERRORISM

Mr. Chairman, defeating terrorism must remain one of our Intelligence Community's core objectives, as widely dispersed terrorist networks will present one of the most serious challenges to U.S. national security interests at home and abroad in the coming year. In the past year, aggressive measures by our intelligence, law enforcement, defense and homeland security communities, along with our key international partners have dealt serious blows to al Qaeda and others. Despite these successes, however, the terrorist threat to the U.S. in the homeland and abroad endures.

- Al Qaeda is intent on finding ways to circumvent U.S. security enhancements to strike Americans and the homeland.
- It may be only a matter of time before al Qaeda or another group attempts to use chemical, biological, radiological, and nuclear (CBRN) weapons.
- Al Qaeda is only one facet of the threat from a broader Sunni jihadist movement.
- The Iraq conflict, while not a cause of extremism, has become a cause for extremists.

We know from experience that al Qaeda is a patient, persistent, imaginative, adaptive, and dangerous opponent. But it is vulnerable and we and other allies have hit it hard.

- Jihadist religious leaders preach millennial aberrational visions of a fight for Islam's survival. Sometimes they argue that the struggle justifies the indiscriminate killing of civilians, even with CBRN weapons.

Our pursuit of al Qaeda and its most senior leaders, including Osama bin Laden and his deputy Ayman al-Zawahiri is intense. However, their capture alone would not be enough to eliminate the terrorist threat to the U.S. homeland or U.S. interests overseas. Often influenced by al Qaeda's ideology, members of a broader movement have an ability to plan and conduct operations. We saw this last March in the railway attacks in Madrid conducted by local Sunni extremists. Other regional groups—connected to al Qaeda or acting on their own—also continue to pose a significant threat.

- In Pakistan, terrorist elements remain committed to attacking U.S. targets. In Saudi Arabia, remnants of the Saudi al Qaeda network continue to attack U.S. interests in the region.
- In Central Asia, the Islamic Jihad Group (IJG), a splinter group of the Islamic Movement of Uzbekistan, has become a more virulent threat to U.S. interests and local governments. Last spring the group used female operatives in a series of bombings in Uzbekistan.
- In Southeast Asia, the Jemaah Islamiyah (JI) continues to pose a threat to U.S. and Western interests in Indonesia and the Philippines, where JI is colluding with the Abu Sayyaf Group and possibly the Moro Islamic Liberation Front (MILF).
- In Europe, Islamic extremists continue to plan and cause attacks against U.S. and local interests, some that may cause significant casualties. In 2004 British authorities dismantled an al Qaeda cell and an extremist brutally killed a prominent Dutch citizen in the Netherlands.

Islamic extremists are exploiting the Iraqi conflict to recruit new anti-U.S. jihadists.

- These jihadists who survive will leave Iraq experienced in and focused on acts of urban terrorism. They represent a potential pool of contacts to build transnational terrorist cells, groups, and networks in Saudi Arabia, Jordan, and other countries.
- Zarqawi, who merged his organization with al Qaeda last year, has sought to bring about the final victory of Islam over the west, and he hopes to establish a safe haven in Iraq from which his group could operate against "infidel" western nations and "apostate" Muslim governments.

Other terrorist groups spanning the globe also pose persistent and serious threats to U.S. and western interests.

- Hizballah's main focus remains Israel, but it could conduct lethal attacks against U.S. interests quickly upon a decision to do so.
- Palestinian terrorist organizations have largely refrained from directly targeting U.S. or western interests in their opposition to Middle East peace initiatives, but pose an ongoing risk to U.S. citizens that could be killed or wounded in attacks intended to strike Israeli interests.
- Extremist groups in Latin America are still a concern, with the Revolutionary Armed Forces of Colombia (FARC)—possessing the greatest capability and the clearest intent to threaten U.S. interests in the region.
- Horn of Africa, the Sahel, the Mahgreb, the Levant, and the Gulf States are all areas where “pop up” terrorist activity can be expected.

AFGHANISTAN

Mr. Chairman, Afghanistan, once the safe haven for Osama bin Laden, has started on the road to recovery after decades of instability and civil war. Hamid Karzai's election to the presidency was a major milestone. Elections for a new National Assembly and local district councils—tentatively scheduled for this spring—will complete the process of electing representatives.

President Karzai still faces a low-level insurgency aimed at destabilizing the country, raising the cost of reconstruction and ultimately forcing Coalition Forces to leave.

- The development of the Afghan National Army and a national police force is going well, although neither can yet stand on its own.

IRAQ

Since the successful completion of elections in January, the winning parties have been negotiating peacefully to create a new government and have pledged to include all of Iraq's major groups, even Arab Sunnis who largely stayed away from the polls, in drafting the new Iraqi constitution.

Low voter turnout in some Sunni areas, however, and the post-election resumption of insurgent attacks—many against Iraqi civilian and security forces—indicate that the insurgency achieved at least some of its election-day goals and remains a serious threat to creating a stable representative government in Iraq.

Self-determination for the Iraqi people will largely depend on the ability of Iraqi forces to provide security. Iraq's most capable security units have become more effective in recent months, contributing to several major operations and helping to put an Iraqi face on security operations. Insurgents are determined to discourage new recruits and undermine the effectiveness of existing Iraqi security forces.

- The lack of security is hurting Iraq's reconstruction efforts and economic development, causing overall economic growth to proceed at a much slower pace than many analysts expected a year ago.
- Alternatively, the larger uncommitted moderate Sunni population and the Sunni political elite may seize the post electoral moment to take part in creating Iraq's new political institutions if victorious Shia and Kurdish parties include Sunnis in the new government and the drafting of the constitution.

PROLIFERATION

Mr. Chairman, I will now turn to the worldwide challenge of proliferation. Last year started with promise as Libya had just renounced its WMD programs, North Korea was engaged in negotiations with regional states on its nuclear weapons program, and Iran was showing greater signs of openness regarding its nuclear program after concealing activity for nearly a decade. Let me start with Libya, a good news story, and one that reflects the patient perseverance with which the Intelligence Community can tackle a tough intelligence problem.

LIBYA

In 2004 Tripoli followed through with a range of steps to disarm itself of WMD and ballistic missiles.

- Libya gave up key elements of its nuclear weapons program and opened itself to the International Atomic Energy Agency (IAEA).
- Libya gave up some key chemical weapon (CW) assets and opened its former CW program to international scrutiny.

- After disclosing its Scud stockpile and extensive ballistic and cruise missile research and development efforts in 2003, Libya took important steps to abide by its commitment to limit its missiles to the 300-km range threshold of the Missile Technology Control Regime (MTCR).

The U.S. continues to work with Libya to clarify some discrepancies in the declaration.

NORTH KOREA

Since early February, Pyongyang has announced it was suspending participation in the Six-party talks underway since 2003, declared it had nuclear weapons, affirmed it would seek to increase its nuclear arsenal, and said it was no longer bound by its self-imposed moratorium on launching missiles. When it was still at the negotiating table, the North had been pushing for a freeze on its plutonium program in exchange for significant benefits, rather than committing to the full dismantlement that we and our partners sought.

- In 2003, the North claimed it had reprocessed the 8,000 fuel rods from the Yongbyon reactor, originally stored under the Agreed Framework, with IAEA monitoring in 1994. The North claims to have made new weapons from its reprocessing effort.
- We believe North Korea continues to pursue a uranium enrichment capability drawing on the assistance it received from A.Q. Khan before his network was shutdown.

North Korea continues to develop, produce, deploy, and sell ballistic missiles of increasing range and sophistication, augmenting Pyongyang's large operational force of Scud and No Dong class missiles. North Korea could resume flight-testing at any time, including of longer-range missiles, such as the Taepo Dong-2 system. We assess the TD-2 is capable of reaching the United States with a nuclear-weapon-sized payload.

- North Korea continues to market its ballistic missile technology, trying to find new clients now that some traditional customers, such as Libya, have halted such trade.

We believe North Korea has active CW and biological weapons programs and probably has chemical and possibly biological weapons ready for use.

IRAN

In early February, the spokesman of Iran's Supreme Council for National Security publicly announced that Iran would never scrap its nuclear program. This came in the midst of negotiations with the European Union-3 (EU-3) members (Britain, Germany, and France) seeking objective guarantees from Tehran that it will not use nuclear technology for nuclear weapons.

- Previous comments by Iranian officials, including Iran's Supreme Leader and its Foreign Minister, indicated that Iran would not give up its ability to enrich uranium. Clearly, that technology can be used to produce fuel for power reactors. However, we are more concerned about the dual-use nature of the technology that could also be used to achieve a nuclear weapon.

In parallel, Iran continues its pursuit of long-range ballistic missiles, such as an improved version of its 1,300 km range Shahab-3 medium range ballistic missile (MRBM), to add to the hundreds of short-range SCUD missiles it already has.

Even since September 11, Tehran continues to support terrorist groups in the region, such as Hizballah, and could encourage increased attacks in Israel and the Palestinian Territories to derail progress toward peace.

- Iran reportedly is supporting some anti-coalition activities in Iraq and seeking to influence the future character of the Iraqi state.
- Conservatives are likely to consolidate their power in Iran's June 2005 presidential elections, further marginalizing the reform movement last year.
- Iran continues to retain in secret important members of al Qaeda, causing further uncertainty about Iran's commitment to bring them to justice.

CHINA

Beijing's military modernization and military buildup is tilting the balance of power in the Taiwan Strait. Improved Chinese capabilities threaten U.S. forces in the region.

- In 2004, China increased its ballistic missile forces deployed across from Taiwan and rolled out several new submarines.
- China continues to develop more robust, survivable nuclear-armed missiles as well as conventional capabilities for use in a regional conflict.

A mild thaw in cross-strait relations, following the first-ever non-stop flights across the strait, may be eclipsed by Beijing's anti-secession law and Taipei's constitutional reform agenda. Beijing enacted on 14 March an anti-secession law Taipei characterizes as a "war-authorizing law." Taipei's National Assembly will vote this summer on constitutional reforms that Beijing has warned are part of a timeline for independence. If Beijing decides that Taiwan is taking steps toward permanent separation that exceed Beijing's tolerance, we believe China is prepared to respond with various levels of force.

China is increasingly confident and active on the international stage, trying to ensure it has a voice on major international issues, secure access to natural resources, and counter what it sees as U.S. efforts to contain or encircle China.

New leadership under President Hu Jintao is facing an array of domestic challenges in 2005, such as the potential for a resurgence in inflation, increased dependence on exports, growing economic inequalities, increased awareness of individual rights, and popular expectations for the new leadership.

RUSSIA

The attitudes and actions of the so-called "siloviki"—the ex-KGB men that Putin has placed in positions of authority throughout the Russian government—may be critical determinants of the course Putin will pursue in the year ahead.

- Perceived setbacks in Ukraine are likely to lead Putin to redouble his efforts to defend Russian interests abroad while balancing cooperation with the west. Russia's most immediate security threat is terrorism, and counterterrorism cooperation undoubtedly will continue.
- Putin last summer publicly acknowledged a role for outside powers to play in the CIS, for example, but we believe he is nevertheless concerned about further encroachment by the U.S. and North Atlantic Treaty Organization (NATO) into the region.
- Moscow worries that separatism inside Russia and radical Islamic movements beyond their borders might threaten stability in Southern Russia. Chechen extremists have increasingly turned to terrorist operations in response to Moscow's successes in Chechnya, and it is reasonable to predict that they will carry out attacks against civilian or military targets elsewhere in Russia in 2005.

Budget increases will help Russia create a professional military by replacing conscripts with volunteer servicemen and focus on maintaining, modernizing and extending the operational life of its strategic weapons systems, including its nuclear missile force.

- Russia remains an important source of weapons technology, materials and components for other nations. The vulnerability of Russian WMD materials and technology to theft or proliferation is a continuing concern.

POTENTIAL AREAS FOR INSTABILITY

Mr. Chairman, in the Middle East, the election of Palestinian President Mahmud Abbas marks an important step and Abbas has made it clear that negotiating a peace deal with Israel is a high priority. There nevertheless are hurdles ahead.

- Redlines must be resolved while Palestinian leaders try to rebuild damaged Palestinian Authority (PA) infrastructure and governing institutions, especially the security forces, the legislature, and the judiciary.
- Terrorist groups, some of who benefit from funding from outside sources, could step up attacks to derail peace and progress.

In Africa, chronic instability will continue to hamper counterterrorism efforts and pose heavy humanitarian and peacekeeping burdens.

- In Nigeria, the military is struggling to contain militia groups in the oil-producing south and ethnic violence that frequently erupts throughout the country. Extremist groups are emerging from the country's Muslim population of about 65 million.
- In Sudan, the peace deal signed in January will result in de facto southern autonomy and may inspire rebels in provinces such as Darfur to press harder for a greater share of resources and power. Opportunities exist for

Islamic extremists to reassert themselves in the North unless the central government stays unified.

- Unresolved disputes in the Horn of Africa—Africa's gateway to the Middle East—create vulnerability to foreign terrorist and extremist groups. Ethiopia and Eritrea still have a contested border, and armed factions in Somalia indicate they will fight the authority of a new transitional government.

In Latin America, the region is entering a major electoral cycle in 2006, when Brazil, Colombia, Costa Rica, Ecuador, Mexico, Nicaragua, Peru, and Venezuela hold presidential elections. Several key countries in the hemisphere are potential flashpoints in 2005.

- In Venezuela, Chavez is consolidating his power by using technically legal tactics to target his opponents and meddling in the region, supported by Castro.
- In Colombia, progress against counternarcotics and terrorism under President Uribe's successful leadership may be affected by the election.
- The outlook is very cloudy for legitimate, timely elections in November 2005 in Haiti—even with substantial international support.
- In Cuba, Castro's hold on power remains firm, but a bad fall last October has rekindled speculation about his declining health and succession scenarios.

In Southeast Asia, three countries bear close watching.

- In Indonesia, President Yudhoyono has moved swiftly to crackdown on corruption. Reinvigorating the economy, burdened by the costs of recovery in tsunami-damaged areas, will likely be affected by continuing deep-seated ethnic and political turmoil exploitable by terrorists.
- In the Philippines, Manila is struggling with prolonged Islamic and Communist rebellions. The presence of JI terrorists seeking safe haven and training bases adds volatility and capability to terrorist groups already in place.
- Thailand is plagued with an increasingly volatile Muslim separatist threat in its southeastern provinces, and the risk of escalation remains high.

Chairman WARNER. Thank you, Director Goss. That was an excellent and comprehensive statement. We will have a closed session in SH-219, the Intelligence room, immediately following the completion of our questioning here. So there may be issues which require you to withhold full answers at this session and await the closed.

Admiral Jacoby.

**STATEMENT OF VADM LOWELL E. JACOBY, USN, DIRECTOR,
DEFENSE INTELLIGENCE AGENCY**

Admiral JACOBY. Good morning, Mr. Chairman, Senator Levin, members of the committee. It is my honor and privilege to represent the dedicated men and women of Defense Intelligence and to take this opportunity to thank this committee for its longstanding and continued support for their efforts.

In my short opening comments here, I would like to talk about a few developments over the past year. Let me begin in the war on terrorism. The primary threat for the foreseeable future remains a transnational network of Islamic extremists who are hostile to the U.S. and our interests. That movement has changed in the last 12 months away from one that was centrally directed by al Qaeda leadership to one that we now term an al Qaeda-associated movement. This is a movement of like-minded Sunni Islamic groups who interact, share resources, and work to achieve shared goals.

We judge that the terrorist groups, particularly al Qaeda, remain interested in chemical, biological, radiological, and nuclear weapons

and they have a stated intention to conduct an attack exceeding the destruction of September 11.

Underlying the rise of extremism are political and socio-economic conditions that leave mostly young male adults alienated. I have spoken in previous years about failing education systems in the Islamic states that contribute to the appeal of extremism and groups like al Qaeda, which certainly capitalize on the economic and political disenfranchisement. Many historical local conflicts, as the DCI has mentioned, such as those in Indonesia, the Philippines, and Thailand, are generating new support for al Qaeda and present new al Qaeda-like threats as part of the Sunni movement.

Turning to Iraq, insurgents continue to demonstrate an ability to increase their attacks around key events, but I would also notice that yesterday with the stand-up of the new government that the Iraqi security forces were very successful in conducting a day of high-level activity with low level of attacks. But since the January 30 election I believe we have seen some changes. Attacks have averaged about 60 per day and in the last 2 weeks have dropped to approximately 50 per day and appear to be dropping still further, which brings them considerably below the high level of activity that existed last November.

Also, the attacks are basically confined to four provinces that are in the Sunni heartland in the vicinity around Baghdad. In recent weeks, they have actually concentrated on Baghdad and three cities in that same four-province area. So there may in fact be a change in the character of the insurgency and their attack planning, but I would also hasten to add it is too early to say whether this is a trend. We need to be watchful and assess these changes as we see them evolve.

We believe that the Sunni Arabs, dominated by the Baathists and the former regime elements, comprise the core of the insurgency. There are foreign jihadists, most notably those that have sworn their allegiance to an operative by the name of Zarquawi. They account for a fraction of the overall violence. However, the level of destruction that their attacks cause and the amount of publicity that they generate gives them disproportionate kind of impact on events inside Iraq.

The keys to success inside Iraq remain improving security with an Iraqi lead, rebuilding civil infrastructure and the economy, and creating a political process that all ethnic groups see as legitimate.

Shifting to WMD and missile proliferation, this is the second most immediate and significant threat to our Nation and to international stability. The efforts in Iran to continue a nuclear weapons-related effort and their efforts in the area of missile development remain worrisome. North Korea considers nuclear weapons to be critical to its survival. Its recent declaration just highlights that fact. They also continue with missile programs.

Many nations are modernizing and expanding their ballistic missile systems and they are a key part of China's military modernization program. But as Senator Levin said in his opening comments, China continues to modernize its forces across a broad range of conventional and missile capabilities and also those kinds of capabilities that allow them to coordinate the efforts of their military

in a more sophisticated way than previously existed. This also remains a concern.

This committee has asked me in the past what keeps me awake at night and I was thinking about that as I was preparing for this testimony. Senator Inhofe, I believe you have asked that on occasion. My answer this year for you is what keeps me awake is that we are facing a variety of sophisticated global threats of increasing complexity and lethality, and these are threats to the U.S., to our allies, and also to our friends. At the same time we are sustaining very high operational tempo with our people and our capabilities. So we are in the situation of simultaneously executing our operations at a very high operational tempo and reforming and transforming at the same time.

So what keeps me awake at night is we have very weighty decisions to make in terms of priority in the way ahead and I hope that we are making good decisions as we move forward.

In response to Senator Levin's question about what are we doing today, we are focusing more resources and capabilities on assessing the Islamic world so we can better understand the drivers for extremism. We need greater collection and more analysts devoted to key countries who are making those shifts as part of our plan.

In the area of proliferation of WMD and missiles, the key there is achieving true penetrating collection and an all-source analytical effort that allows us to see inside these very complex and very well-hidden programs. Those are absolutely critical to improving our understanding.

We must not divert our focus and attention from the numerous interests and nations of interest. Military intelligence disciplines must remain robust if we are to provide for our national security policymakers, defense planners, and warfighters' decisions and provide them the information they need to successfully execute their missions. More collection and analysis is needed to provide adequate warning of attack and more complete understanding of the military capability, doctrine, war plans, and the intentions of numerous countries will be required in this more sophisticated set of challenges that we face.

Finally, I believe this committee knows the focus that we put in Defense Intelligence on truly operating in an all-source information environment and operating with the smart networks that were so specifically called out in the 9/11 Commission Report as fundamentals for transformation of the way we do intelligence within the United States. We will remain outspoken advocates for both all-source information access and the smart networks.

Thank you, Mr. Chairman and Senator Levin, for the opportunity to be here today and the opportunity to respond to your questions.

[The prepared statement of Admiral Jacoby follows:]

PREPARED STATEMENT BY VADM LOWELL E. JACOBY, USN

INTRODUCTION

Good morning Mr. Chairman, Senator Levin, and members of the committee. It is my honor and privilege to represent Defense Intelligence and present what we know and believe to be the principle threats and issues in today's world. The dedicated men and women of Defense Intelligence work around the clock and around the world to protect our country. Many of these Active-Duty, Reserve, and civilian

intelligence professionals are working in remote and dangerous conditions. Our mission is simple, but rarely easy. It is to discover information and create knowledge to provide warning, identify opportunities and deliver overwhelming advantage to our warfighters, defense planners and national security policymakers.

This is the third time I report to you that Defense Intelligence is engaged in a war on a global scale. Most of the forces and issues involved in this war were addressed in my testimony last year. Several increased in severity or changed in composition. Few, unfortunately, decreased.

The traditional Defense Intelligence focus on military capabilities is insufficient to identify and gauge the breadth of these threats. We are working hard to access “all” information to better understand and counter these threats. Defense Intelligence is engaged with foreign and domestic counterparts to better integrate our capabilities. We remained focused on information sharing and creating the “smart networks” described in the 9/11 Commission report. I am anxious to work with the new Director of National Intelligence (DNI), my fellow intelligence agency heads and others to forge a more cohesive and comprehensive Intelligence Community.

GLOBAL WAR ON TERRORISM

We continue to face a variety of threats from terrorist organizations.

Al Qaeda and Sunni Extremist Groups

The primary threat for the foreseeable future is a network of Islamic extremists hostile to the United States and our interests. The network is transnational and has a broad range of capabilities, to include mass-casualty attacks. The most dangerous and immediate threat is Sunni Islamic terrorists that form the “al Qaeda associated movement.”

Osama bin Laden and his senior leadership no longer exercise centralized control and direction. We now face an “al Qaeda associated movement” of like-minded groups who interact, share resources and work to achieve shared goals. Some of the groups comprising this movement include Jemaah Islamiyya, responsible for the 9 September bombing of the Australian Embassy in Jakarta and Hezb-e-Islami-Gulbuddin. Some of the groups in the movement provide safe haven and logistical support to al Qaeda members, others operate directly with al Qaeda, and still others fight with al Qaeda in the Afghanistan/Pakistan region.

Remnants of the senior leadership still present a threat. As is clear in their public statements, Osama bin Laden and al-Zawahiri remain focused on their strategic objectives, including another major casualty-producing attack against the homeland.

Chemical, Biological, Radiological, and Nuclear (CBRN) Terrorism

We judge terrorist groups, particularly al Qaeda, remain interested in chemical, biological, radiological, and nuclear (CBRN) weapons. Al Qaeda’s stated intention to conduct an attack exceeding the destruction of September 11 raises the possibility that planned attacks may involve unconventional weapons. There is little doubt it has contemplated using radiological or nuclear material. The question is whether al Qaeda has the capability. Because they are easier to employ, we believe terrorists are more likely to use biological agents such as ricin or botulinum toxin or toxic industrial chemicals to cause casualties and attack the psyche of the targeted populations.

Pressures in the Islamic World

Various factors coalesce to sustain, and even magnify the terrorist threat.

Islam is the world’s second largest religion with over 1 billion adherents, representing 22 percent of the world’s population. Due to high birth rates, it is also the world’s fastest growing religion. Only 20 percent of Muslims are ethnic Arabs. The top four nations in terms of Muslim population, Indonesia, Pakistan, Bangladesh, and India, are non-Arab. While the vast majority of Muslims do not advocate violence, there are deeply felt sentiments that cross Muslims sects and ethnic and racial groups.

Multiple polls show favorable ratings for the United States in the Muslim world at all-time lows. A large majority of Jordanians oppose the war on terrorism, and believe Iraqis will be worse off in the long term. In Pakistan, a majority of the population holds a favorable view of Osama bin Laden. Across the Middle East, surveys report suspicion over U.S. motivation for the war on terrorism. Overwhelming majorities in Morocco, Jordan, and Saudi Arabia believe the U.S. has a negative policy toward the Arab world.

Osama bin Laden has relied on Muslim resentment toward U.S. policies in his call for a defensive jihad to oppose an American assault on the Islamic faith and culture. He contends that all faithful Muslims are obliged to fight, or support the

jihad financially if not physically capable of fighting. Another goal is the overthrow of "apostate" Muslim governments, defined as governments which do not promote Islamic values or support or are friendly to the U.S. and other western countries. The goals also call for withdrawal of U.S. and other Coalition Forces from Muslim countries, the destruction of Israel and restoration of a Palestinian state and recreation of the caliphate, a state based on Islamic fundamental tenets.

Underlying the rise of extremism are political and socio-economic conditions that leave many, mostly young male adults, alienated. There is a demographic explosion or youth bubble in many Muslim countries. The portion of the population under age 15 is 40 percent in Iraq, 49 percent in the Gaza Strip and 38 percent in Saudi Arabia. Unemployment rates in these countries are as high as 30 percent in Saudi Arabia and about 50 percent in the Gaza Strip.

Educational systems in many nations contribute to the appeal of Islamic extremism. Some schools, particularly the private "madrasas," actively promote Islamic extremism. School textbooks in several Middle East states reflect a narrow interpretation of the Koran and contain anti-Western and anti-Israeli views. Many schools concentrate on Islamic studies focused on memorization and recitation of the Koran and fail to prepare students for jobs in the global economy.

Groups like al Qaeda capitalize on the economic and political disenfranchisement to attract new recruits. Even historically local conflicts involving Muslim minorities or fundamentalist groups such as those in Indonesia, the Philippines and Thailand are generating new support for al Qaeda and present new al Qaeda-like threats.

Saudi Arabia

Al Saud rule is under significant pressure. In 2004, 15 significant attacks occurred against the regime, U.S. and other Western targets in the Kingdom, an increase from 7 in 2003. Attacks in 2004 included the 6 December 2004 attack on the U.S. Consulate in Jeddah.

Attacks since May 2003 against housing compounds, an Interior Ministry facility, a petroleum facility and individual assassinations caused Riyadh to attempt to aggressively counter the threat. We expect continued assassinations, infrastructure attacks and operations directed at Westerners in the Kingdom to discredit the regime and discourage individuals and businesses, especially those affiliated with the Saudi military, from remaining in the Kingdom.

Last year Saudi security forces killed or captured many of their 26 most wanted militant extremists and discovered numerous arms caches. However, we believe there may be hundreds, if not thousands of extremists and extremist sympathizers in the Kingdom.

Pakistan

President Musharraf continues to be a key ally in the war on terrorism and provides critical support against al Qaeda and Taliban operating in Pakistan. The economy has displayed strong growth over the past 2 years. Indigenous and international terrorist groups have pledged to assassinate Musharraf and other senior Pakistan government officials and remain a significant threat. Unless Musharraf is assassinated, Pakistan will remain stable through the year; however, further political and economic reform is needed to continue positive trends beyond that time.

Pakistan significantly increased its military operations and pacification efforts in tribal areas along the Afghanistan border in 2004. These operations affected al Qaeda, Taliban, and other threat groups by disrupting safe-havens and, in some cases, forcing them back into Afghanistan where they are vulnerable to coalition operations. Pakistan also secured agreements with several tribes by successfully balancing military action with negotiations and rewards to encourage cooperation and limit domestic backlash. Pakistan must maintain and expand these operations in order to permanently disrupt insurgent and terrorist activity.

We believe international and indigenous terrorist groups continue to pose a high threat to senior Pakistani government officials, military officers and U.S. interests. The Prime Minister and a corps commander have been the targets of assassination attempts since last summer. President Musharraf remains at high risk of assassination, although no known attempts on his life have occurred since December 2003. Investigations into the two December 2003 attempts revealed complicity among junior officers and enlisted personnel in the Pakistani Army and Air Force.

Our assessment remains unchanged from last year. If Musharraf were assassinated or otherwise replaced, Pakistan's new leader would be less pro-U.S. We are concerned that extremist Islamic politicians would gain greater influence.

CONFLICT IN IRAQ

The insurgency in Iraq has grown in size and complexity over the past year. Attacks numbered approximately 25 per day 1 year ago. Insurgents have demonstrated their ability to increase attacks around key events such as the Iraq Interim Government (IIG) transfer of power, Ramadan, and the recent election. Attacks on Iraq's election day reached approximately 300, almost double the previous 1 day high of about 160 during last year's Ramadan. Since the January 30 election, attacks have averaged around 60 per day and in the last 2 weeks dropped to approximately 50 per day.

The pattern of attacks remains the same as last year. Approximately 80 percent of all attacks occur in Sunni-dominated central Iraq. The Kurdish north and Shia south remain relatively calm. Coalition Forces continue to be the primary targets. Iraqi security forces and IIG officials are attacked to intimidate the Iraqi people and undermine control and legitimacy. Attacks against foreign nationals are intended to intimidate non-government organizations and contractors and inhibit reconstruction and economic recovery. Attacks against the country's infrastructure, especially electricity and the oil industry, are intended to stall economic recovery, increase popular discontent and further undermine support for the IIG and coalition.

Recent polls show confidence in the IIG remains high in Shia and Kurdish communities and low in Sunni areas. Large majorities across all groups opposed attacks on Iraqi security forces and Iraqi and foreign civilians. Majorities of all groups placed great importance in the election. Sunni concern over election security likely explains the relatively poor showing by the Sunni electorate in comparison with the Shia and Kurdish groups. Confidence in Coalition Forces is low. Most Iraqis see them as occupiers and a major cause of the insurgency.

We believe Sunni Arabs, dominated by Baathist and Former Regime Elements (FRE), comprise the core of the insurgency. Baathist/FRE and Sunni Arab networks are likely collaborating, providing funds and guidance across family, tribal, religious and peer group lines. Some coordination between Sunni and Shia groups is also likely.

Militant Shia elements, including those associated with Muqtada al Sadr, have periodically fought the coalition. Following the latest round of fighting last August and September, we judge Sadr's forces are re-arming, re-organizing, and training. Sadr is keeping his options open to either participate in the political process or employ his forces. Shia militants will remain a significant threat to the political process and fractures within the Shia community are a concern.

Jihadists, such as al Qaeda operative Abu Musab al Zarqawi, are responsible for many high-profile attacks. While Jihadist activity accounts for only a fraction of the overall violence, the strategic and symbolic nature of their attacks, combined with effective Information Operations, has a disproportionate impact.

Foreign fighters are a small component of the insurgency and comprise a very small percentage of all detainees. Syrian, Saudi, Egyptian, Jordanian, and Iranian nationals make up the majority of foreign fighters. Fighters, arms and other supplies continue to enter Iraq from virtually all of its neighbors despite increased border security.

Insurgent groups will continue to use violence to attempt to protect Sunni Arab interests and regain dominance. Subversion and infiltration of emerging government institutions, security and intelligence services will be a major problem for the new government. Jihadists will continue to attack in Iraq in pursuit of their long-term goals. Challenges to reconstruction, economic development and employment will continue. Keys to success remain improving security with an Iraqi lead, rebuilding the civil infrastructure and economy and creating a political process that all major ethnic and sectarian groups see as legitimate.

CONFLICT IN AFGHANISTAN

The people of Afghanistan achieved a major milestone by electing Hamid Karzai president in October 2004 election. Approximately 70 percent or just over 8 million registered Afghans disregarded scattered attacks by the Taliban and al Qaeda and voted. Karzai garnered 55 percent of the vote in a field of 18 candidates. The election dealt a blow to insurgents and provides new momentum for reform, such as the demobilization of private militias and increased government accountability.

President Karzai has since assembled a cabinet of reform minded and competent ministers who are ethnically and politically diverse. Most significantly, he removed Afghanistan's most powerful warlord, Marshal Fahim Khan, as Defense Minister.

Despite the overwhelming voter turn-out, the election's results highlighted ethnic divisions. Karzai received a majority of the Pashtun vote, but failed to do so within any of the other ethnic groups. Continued ethnic divisions remain a challenge to po-

litical stability. National Assembly elections, scheduled for later this year, will provide the opportunity for non-Pashtuns to increase their participation in the government.

The security situation improved over the past year. Insurgent attacks precipitously dropped after Afghanistan's Presidential election. The primary targets remain Coalition Forces and facilities in the southern and eastern provinces. Voter registration teams and polling sites were attacked in these areas, reflecting the Taliban's concern over legitimate elections. Similar attacks in the same geographic areas are expected for elections later this year, but are unlikely to have a significant impact.

We believe many Taliban leaders and fighters were demoralized by their inability to derail the election and have seen their base of support among Pashtun tribes decrease. Loss of support, plus continued Coalition and Pakistani military operations, have prompted some to express an interest in abandoning the insurgency and pursuing political alternatives. Nevertheless some factions will likely remain committed to the insurgency and seek funding to continue operations.

WEAPONS OF MASS DESTRUCTION AND MISSILE PROLIFERATION

Nuclear Weapons

Immediately behind terrorism, nuclear proliferation remains the most significant threats to our Nation and international stability. We anticipate increases in the nuclear weapons inventories of a variety of countries to include China, India, Pakistan, and North Korea.

Iran is likely continuing nuclear weapon-related endeavors in an effort to become the dominant regional power and deter what it perceives as the potential for U.S. or Israeli attacks. We judge Iran is devoting significant resources to its weapons of mass destruction (WMD) and ballistic missile programs. Unless constrained by a nuclear non-proliferation agreement, Tehran probably will have the ability to produce nuclear weapons early in the next decade.

With declining or stagnant conventional military capabilities, we believe North Korea considers nuclear weapons critical to deterring the U.S. and the Republic of Korea (ROK). After expelling International Atomic Energy Agency (IAEA) personnel in 2002, North Korea reactivated facilities at Yongbyon and claims it extracted and weaponized plutonium from the 8,000 spent fuel rods. Earlier this year, Pyongyang publicly claimed it had manufactured nuclear weapons. Kim Jong Il may eventually agree to negotiate away parts of his nuclear weapon stockpile and programs and agree to some type of inspection regime, but we judge Kim is not likely to surrender all of his nuclear weapon capabilities. We do not know under what conditions North Korea would sell nuclear weapons or technology.

India and Pakistan continue to expand and modernize their nuclear weapon stockpiles. We remain concerned over the potential for extremists to gain control of Pakistani nuclear weapons. Both nations may develop boosted nuclear weapons, with increased yield.

Chemical and Biological Weapons

Chemical and biological weapons pose a significant threat to our deployed forces, international interests and homeland. Numerous states have chemical and biological warfare programs. Some have produced and weaponized agents. While we have no intelligence suggesting these states are planning to transfer weapons to terrorist groups, we remain concerned and alert to the possibility.

We anticipate the threat posed by biological and chemical agents will become more diverse and sophisticated over the next 10 years. Major advances in the biological sciences and information technology will enable biological weapon (BW) agent—both anti-human and anti-agricultural-development. The proliferation of dual use technology compounds the problem. Many states will remain focused on "traditional" BW or chemical weapon (CW) agent programs. Others are likely to develop nontraditional chemical agents or use advanced biotechnology to create agents that are more difficult to detect, easier to produce, and resistant to medical countermeasures.

Ballistic Missiles

Moscow likely views its strategic forces, especially its nuclear armed missiles, as a symbol of great power status and a key deterrent. Nevertheless, Russia's ballistic missile force will continue to decline in numbers. Russia is fielding the silo-variant of the SS-27 Intercontinental Ballistic Missile (ICBM) and is developing a road-mobile variant and may be developing another new ICBM and new Submarine Launched Ballistic Missile (SLBM). It recently developed and is marketing a new Short Range Ballistic Missile (SRBM). Russia also is trying to preserve and extend the lives of Soviet-era missile systems.

China is modernizing and expanding its ballistic missile forces to improve their survivability and warfighting capabilities, enhance their coercion and deterrence value and overcome ballistic missile defense systems. This effort is commensurate with its growing power and more assertive policies, especially with respect to Taiwan. It continues to develop three new solid-propellant strategic missile systems—the DF-31 and DF-31A road-mobile ICBMs and the JL-2 SLBM. By 2015, the number of warheads capable of targeting the continental United States will increase several fold.

China also is developing new SRBMs, Medium Range Ballistic Missile (MRBMs), and Intermediate Range Ballistic Missile (IRBMs). They are a key component of Beijing's military modernization program. Many of these systems will be fielded in military regions near Taiwan. In 2004, it added numerous SRBMs to those already existing in brigades near Taiwan. In addition to key Taiwanese military and civilian facilities, Chinese missiles will be capable of targeting U.S. and allied military installations in the region to either deter outside intervention in a Taiwan crisis or attack those installations if deterrent efforts fail.

We judge Iran will have the technical capability to develop an ICBM by 2015. It is not clear whether Iran has decided to field such a missile. Iran continues to field 1300-km range Shahab III MRBMs capable of reaching Tel Aviv. Iranian officials have publicly claimed they are developing a new 2000-km-range variant of the Shahab III. Iranian engineers are also likely working to improve the accuracy of the country's SRBMs.

North Korea continues to invest in ballistic missiles to defend itself against attack, achieve diplomatic advantage and provide hard currency through foreign sales. Its Taepo Dong 2 intercontinental ballistic missile may be ready for testing. This missile could deliver a nuclear warhead to parts of the United States in a two stage variant and target all of North America with a three stage variant. North Korean also is developing new SRBM and IRBM missiles that will put U.S. and allied forces in the region at further risk.

Pakistan and India continue to develop new ballistic missiles, reflecting tension between those two countries and New Delhi's desire to become a greater regional power. Pakistan flight-tested its new solid-propellant MRBM for the first time in 2004. The Indian military is preparing to field several new or updated SRBMs and an MRBM. India is developing a new IRBM, the Agni III.

Syria continues to improve its missile capabilities, which it likely considers essential compensation for conventional military weakness. Syria is fielding updated SRBMs to replace older and shorter-range variants.

Several nations are developing technologies to penetrate ballistic missile defenses.

Cruise Missiles

Land-Attack Cruise Missiles (LACMs) and Lethal Unmanned Aerodynamic Vehicles (LUAVs) are expected to pose an increased threat to deployed U.S. and allied forces in various regions. These capabilities are already emerging in Asia.

The numbers and capabilities of cruise missiles will increase, fueled by maturation of land-attack and Anti-Ship Cruise Missile (ASCM) programs in Europe, Russia, and China, sales of complete systems, and the spread of advanced dual-use technologies and materials. Countering today's ASCMs is a challenging problem and the difficulty in countering these systems will increase with the introduction of more advanced guidance and propulsion technologies. Several ASCMs will have a secondary land-attack role.

China continues developing LACMs. We judge by 2015, it will have hundreds of highly accurate air- and ground-launched LACMs. China is developing and purchasing ASCMs capable of being launched from aircraft, surface ships, submarines, and land that will be more capable of penetrating shipboard defenses. These systems will present significant challenges in the event of a U.S. naval force response to a Taiwan crisis.

In the next 10 years, we expect other countries to join Russia, China, and France as major exporters of cruise missiles. Iran and Pakistan, for instance, are expected to develop or import LACMs. India, in partnership with Russia, will begin production of the PJ-10, an advanced anti-ship and land attack cruise missile, this year.

Major Exporters

Russia, China, and North Korea continue to sell WMD and missile technologies for revenue and diplomatic influence. The Russian government, or entities within Russia, continues to support missile programs and civil nuclear projects in China, Iran, India, and Syria. Some of the civil nuclear projects can have weapons applications. Chinese entities continue to supply key technologies to countries with WMD and missile programs, especially Pakistan, North Korea, and Iran, although China

appears to be living up to its 1997 pledge to limit nuclear cooperation with Iran. North Korea remains the leading supplier of missiles and technologies. In recent years, some of the states developing WMD or ballistic missile capabilities have become producers and potential suppliers. Iran has supplied liquid-propellant missile technology to Syria, and has marketed its new solid-propellant SRBM.

We also are watching non-government entities and individual entrepreneurs. The revelations regarding the A.Q. Khan nuclear proliferation network show how a complex international network of suppliers with the requisite expertise and access to the needed technology, middlemen and front companies can successfully circumvent international controls and support multiple nuclear weapons programs.

NATIONS OF INTEREST

Iran

Iran is important to the U.S. because of its size, location, energy resources, military strength and antipathy to U.S. interests. It will continue support for terrorism, aid insurgents in Iraq, and work to remove the U.S. from the Middle East. It will also continue its WMD and ballistic missile programs. Iran's drive to acquire nuclear weapons is a key test of international resolve and the nuclear nonproliferation treaty (NPT).

Iran's long-term goal is to see the U.S. leave Iraq and the region. Another Iranian goal is a weakened, decentralized, and Shia-dominated Iraq that is incapable of posing a threat to Iran. These goals and policies most likely are endorsed by senior regime figures.

Tehran has the only military in the region that can threaten its neighbors and Gulf stability. Its expanding ballistic missile inventory presents a potential threat to states in the region. As new longer range MRBMs are fielded Iran will have missiles with ranges to reach many of our European allies. Although Iran maintains a sizable conventional force, it has made limited progress in modernizing its conventional capabilities. Air and air defense forces rely on out-of-date U.S., Russian, and Chinese equipment. Ground forces suffer from personnel and equipment shortages. Ground forces equipment is also poorly maintained.

We judge Iran can briefly close the Strait of Hormuz, relying on a layered strategy using predominately naval, air, and some ground forces. Last year it purchased North Korean torpedo and missile-armed fast attack craft and midget submarines, making marginal improvements to this capability.

The Iranian Government is stable, exercising control through its security services. Few anti-government demonstrations occurred in 2004. President Khatami will leave office in June 2005 and his successor will almost certainly be more conservative. The political reform movement has lost its momentum. Pro-reform media outlets are being closed and leading reformists arrested.

Syria

Longstanding Syrian policies of supporting terrorism, relying on WMD for strategic deterrence, and occupying Lebanon remain largely unchanged. Damascus is providing intelligence on al Qaeda for the war on terrorism. Its response to U.S. concerns on Iraq has been mixed. Men, material and money continue to cross the Syrian-Iraqi border likely with help from corrupt or sympathetic local officials.

Damascus likely sees opportunities and risks with an unstable Iraq. Syria sees the problems we face in Iraq as beneficial because our commitments in Iraq reduce the prospects for action against Syria. However, Damascus is probably concerned about potential spill-over of Iraqi problems, especially Sunni extremism, into Syria. We see little evidence of active regime support for the insurgency, but Syria offers safe-haven to Iraqi Baathists, some of whom have ties to insurgents.

Syria continues to support Lebanese Hizballah and several rejectionist Palestinian groups, which Damascus argues are legitimate resistance groups.

Syria is making minor improvements to its conventional forces. It is buying modern anti-tank guided missiles and overhauling some aircraft, but cannot afford major weapon systems acquisitions.

President Bashar al-Asad is Syria's primary decisionmaker. Since becoming President in 2000 upon the death of his father, Asad has gradually replaced long-serving officials. Potential domestic opposition to his rule—such as the Muslim Brotherhood—is weak and disorganized. We judge the Syrian regime is currently stable, but internal or external crises could rapidly threaten it.

China

We do not expect Communist Party Secretary and President Hu Jintao's succession to chairman of the Central Military Command (CMC) to significantly alter Beijing's strategic priorities or its approach to military modernization. The commanders

of the People's Liberation Army (PLA) Air Force, Navy, and Second Artillery (Strategic Rocket Forces) joined the CMC in September, demonstrating an institutional change to make China's military more "joint." The CMC traditionally was dominated by generals from PLA ground forces.

China remains keenly interested in coalition military operations in Afghanistan and Iraq and is using lessons from those operations to guide PLA modernization and strategy. We believe several years will be needed before these lessons are incorporated into the Armed Forces. We judge Beijing remains concerned over U.S. presence in Iraq, Afghanistan, and Central Asia. Beijing may also think it has an opportunity to improve diplomatic and economic relations, to include access to energy resources, with other countries distrustful or resentful of U.S. policy.

China continues to develop or import modern weapons. Their acquisition priorities appear unchanged from my testimony last year. Priorities include submarines, surface combatants, air defense, ballistic and anti-ship cruise missiles and modern fighters. China recently launched a new conventional submarine and acquired its first squadron of modern Su-30/Flanker aircraft for the naval air forces from Russia. The PLA must overcome significant integration challenges to turn these new, advanced and disparate weapon systems into improved capabilities. Beijing also faces technical and operational difficulties in numerous areas. The PLA continues with its plan to cut approximately 200,000 soldiers from the Army to free resources for further modernization, an initiative it began in 2004.

Beijing was likely heartened by President Chen Shui-bian coalition's failure to achieve a majority in the recent Legislative Yuan elections. We believe China has adopted a more activist strategy to deter Taiwan moves toward independence that will stress diplomatic and economic instruments over military pressure. We believe China's leaders prefer to avoid military coercion, at least through the 2008 Olympics, but would initiate military action if it felt that course of action was necessary to prevent Taiwan independence.

Beijing remains committed to improving its forces across from Taiwan. In 2004, it added numerous SRBMs to those already existing in brigades near Taiwan. It is improving its air, naval, and ground capabilities necessary to coerce Taiwan unification with the mainland and deter U.S. intervention. Last fall, for instance, a Chinese nuclear submarine conducted a deployment that took it far into the western Pacific Ocean, including an incursion into Japanese waters.

North Korea

After more than a decade of declining or stagnant economic growth, Pyongyang's military capability has significantly degraded. The North's declining capabilities are even more pronounced when viewed in light of the significant improvements over the same period of the ROK military and the U.S.-ROK Combined Forces Command (CFC). Nevertheless, the North maintains a large conventional force of over 1 million soldiers, the majority of which we believe are deployed south of Pyongyang.

North Korea continues to prioritize the military at the expense of its economy. We judge this "Military First Policy" has several purposes. It serves to deter U.S.-ROK aggression. Nationwide conscription is a critical tool for the regime to socialize its citizens to maintain the Kim family in power. The large military allows Pyongyang to use threats and bravado in order to limit U.S.-ROK policy options. Suggestions of sanctions, or military pressure by the U.S. or ROK are countered by the North with threats that such actions are "an act of war" or that it could "turn Seoul into a sea of fire." Inertia, leadership perceptions that military power equals national power and the inability for the regime to change without threatening its leadership also explains the continuing large military commitment.

The North Korean People's Army remains capable of attacking South Korea with artillery and missile forces with limited warning. Such a provocative act, absent an immediate threat, is highly unlikely, counter to Pyongyang's political and economic objectives and would prompt a South Korean-CFC response it could not effectively oppose.

Internally, the regime in Pyongyang appears stable. Tight control over the population is maintained by a uniquely thorough indoctrination, pervasive security services and party organizations, and a loyal military.

Russia

Despite an improving economy, Russia continues to face endemic challenges related to its post-Soviet military decline. Seeking to portray itself as a great power, Moscow has made some improvements to its Armed Forces, but has not addressed difficult domestic problems that will limit the scale and scope of military recovery.

Russian conventional forces have improved from their mid-1990s low point. Moscow nonetheless faces challenges if it is to move beyond these limited improvements.

Significant procurement has been postponed until after 2010 and the Kremlin is not spending enough to modernize Russia's defense industrial base. Russia also faces increasingly negative demographic trends and military quality-of-life issues that will create military manning problems.

Moscow has been able to boost its defense spending in line with its recovering economy. Russia's Gross National Product averaged 6.7 percent growth over the past 5 years, predominately from increased energy prices and consumer demand. Defense should continue to receive modest real increases in funding, unless Russia suffers an economic setback.

Russia continues vigorous efforts to increase its sales of weapons and military technology. Russia's annual arms exports average several billion dollars. China and India account for the majority of Russia's sales, with both countries buying advanced conventional weapons, production licenses, weapon components and technical assistance to enhance their research and development programs. Efforts to increase its customer base last year resulted in increased sales to Southeast Asia. Russian sales are expected to remain several billion dollars annually for the next few years.

Russia's struggle with the Chechen insurgency continues with no end in sight. Chechen terrorists seized a North Ossetian primary school where over 330 people were killed and two Russian civilian airliners were bombed in flight last summer. Rebels continue targeting Russians in Chechnya and Chechen officials cooperating with Moscow. While Moscow is employing more pro-Russian Chechen security forces against the insurgents, the war taxes Russian ground forces. Although the Chechnya situation remains a minor issue to the average Russian, concerns over spreading violence prompted new government security initiatives and offered cover for imposition of authoritarian political measures.

Russian leaders continue to characterize Operation Iraqi Freedom and the North Atlantic Treaty Organization (NATO) enlargement as mistakes. They express concerns that U.S. operations in Iraq are creating instability and facilitating terrorism. Russian leaders want others to view the Chechen conflict as a struggle with international terrorism and accuse those who maintain contact with exiled Chechen leaders or criticize Moscow's policies toward Chechnya as pursuing a double standard. Russian officials are wary of potential U.S. and NATO force deployments near Russia or in the former Soviet states. Concern that Ukraine under a President Yushchenko would draw closer to NATO and the European Union (EU) was a factor motivating Russia's involvement in Ukraine's presidential election.

CLOSING THOUGHTS

This year my testimony focuses on what I believe to be the most immediate threats to our Nation and challenges to our interests. The threat from terrorism has not abated. While our strategic intelligence on terrorist groups is generally good, information on specific plots is vague, dated or sporadic. We can and must do better. Improved collection and analysis capabilities can make a significant difference. We are increasing our ability to provide that timely, relevant intelligence.

The Intelligence Community as a whole needs to improve its collection and focus more analytic resources on pressures in the Islamic world so that we can better understand the drivers for extremism. We also need greater collection and more analytic resources devoted to certain key Islamic countries. We have taken steps to improve our collection and analysis, hiring more individuals with Arabic and Farsi language skills. Nevertheless, more needs to be done across the Intelligence Community, particularly in the area of meaningful, penetrating collection and making the content of that collection available to all who need it.

Proliferation of WMD and missiles is my second priority. Collection must be improved. Additionally, improving our analytic techniques, adoption of true "all-source" analysis approaches and greater information sharing will help us avoid problems similar to those in our pre-war analysis of Iraq's WMD program.

We also must not let our focus on numerous nations of interest wane. Traditional military intelligence disciplines must remain robust if we are to provide our national security policymakers, defense planners, and warfighters the information they need to successfully execute their missions. We need improved collection so that we are stealing our true secrets. There are significant gaps in our understanding of several nations' leaderships' plans and intentions. Additionally, more collection and analysis is needed to provide adequate warning of attack and a more complete understanding of the military capability, doctrine and war plans of numerous countries. We are working to better target collection against these hard targets.

As I mentioned, the threats and challenges I briefed today are the most significant and immediate. They are certainly not the only ones. In previous years, I have

spoken about the security situation in Africa, Latin America, and South and South-east Asia. I also addressed my concerns on information operations, international crime, problems associated with globalization, uneven economic development, and ungoverned states. Those issues remain significant concerns and the focus of collection and analytic resources for defense intelligence. We will be requesting additional funding and billets to ensure we retain coverage and reporting on global coverage. We are reallocating our analytic capabilities, implementing the "master, measure, and monitor" concept in the Defense Intelligence Analysis Program to better address many of these threats and disturbing trends.

Let me conclude by making two points. First, the Defense Intelligence Agency is focused on transforming its capabilities in all of its mission areas to operate in a true "all-source" environment. We are committed to incorporating all relevant information into our analyses, integrating analysts with collectors and precisely targeting our analytic and collection capabilities against complex threats and tough issues. More opportunity for "discovery," greater penetration of hard targets and higher confidence in our judgments are our goals. Second, we are aggressively re-engineering our information management approach and architecture. We are focused on harvesting non-traditional sources of data and positioning ourselves to exploit information from new and future sources. We are convinced commercial sector "content management practices" and data standards hold the key to upgrading our information management capability and providing the "smart network" we need. Much more work is required in the area if we are to realize our potential and fundamentally improve our capabilities. These efforts follow the Director of Central Intelligence and the Secretary of Defense guidance and reflect the letter and spirit of the intelligence reform act. Thank you—I look forward to your questions.

Chairman WARNER. Thank you very much, Admiral, for a very fine statement.

We will now go to a 6-minute round of questions, and I will lead off with Director Goss. Admiral Jacoby summarized briefly what he perceives as some diminution in the number of insurgent attacks in Iraq on our Coalition Forces and coincides with two events, the historic elections followed by yesterday's convening of the 275-member legislative body. Can you expand on your views with regard to the pace at which this new government is coming into being, and whether or not this new government does reflect a change of thinking throughout the Iraqi population which could result in increased enlistments in the army and other security forces such that we can continue a buildup of their security system with the expectation when it reaches a certain crossover point the Coalition Forces can look at the possibility of reducing their own structure?

I had hoped that this government would move along at a bit faster pace. That is just my own personal opinion. Nevertheless, the events of yesterday may portend a pickup in their pace of putting this government together, because you must remember it is an interim government. The permanent government does not come into being until December. I think all Americans are concerned about the continuing loss of life and limb of our forces and other Coalition Forces as this somewhat gradual process of evolution of a new government takes place.

So I would be quite interested, as the committee would be, in your views regarding this new government.

Mr. Goss. Mr. Chairman, thank you very much.

First of all, I think that I agree with everything Admiral Jacoby said and would be very happy to try and expand on it a little bit, understanding that my mandate is not to make policy. I have been reminded of that occasionally. But I do think it is fair to go forward and talk about how we are doing there because there are intel-

ligence aspects to that that are very important relative to the National security.

Of course I am optimistic, because I am looking back at what we started with and where we are now, and I think that we all should be extremely proud of what has been accomplished. I do believe that we are going to have to be a little patient in the process of letting the Iraqis figure out their own future, and I think that, even though I may have hopes for a pace that is a little quicker or a little different, it is up to the Iraqis now. We have given them the opportunity and they seem to be seizing it very well.

Very clearly, there are reasons, historical, cultural, political, and evolutionary, in Iraq why they had not achieved an opportunity that they have today sooner in their history. It is a very complicated society, and I think all of the aspects of the society need to be provided for and accommodated in some way or another to have a full government with proper representation. I think that is going to take some time.

I do believe, however, that the process is working well as we go into this next transitional phase. Very clearly they should be able to set up the government under the formula that they have to follow. They have an excellent map of what they are going to do. They have a time line on that map.

My view is there is a change of thinking in the country. There is a huge wellspring of good feeling that this is the way to go and that they are happy to have that opportunity. That is manifest on the streets there. It is clear in the courage that the people displayed when they went out and voted, and I would say that there was as much pride there as there was in our country that voting day that we helped give them that opportunity. I know darn well they risked a lot to go out.

Nevertheless, having said all of that, there is no misjudging the fact that there is still willful intimidation, primarily not aimed at our forces as much as innocent people, and the new Iraqi security and police forces. This is of course intentional by the terrorists. The longer they can create instability, the more they think they can defeat the people's expressions of democracy.

Of course they are mistaken. We are doing very well in assisting the standup of the troops and helping with the appropriate kinds of organizations necessary to provide for the security in that country. But in the end, that will be an Iraqi decision.

I am as optimistic and patient and watching closely. We will continue to help where we can and where our help is no longer needed, we will speed them on their way.

Chairman WARNER. That is very encouraging.

The measure of success that we can anticipate as each month goes along is largely dependent on the level of cooperation of the Iraqi people and their enthusiasm to move towards the goals of achieving freedom and establishing a security force which will enable them to pursue those goals. Collection of intelligence is essential during this process.

Mr. GOSS. Yes, sir.

Chairman WARNER. Your agency has had a very distinguished record of achievements in that region. You have a considerable number of individuals working. Can you, in open session, to the ex-

tent you can, express your views as to the level of cooperation that may be forthcoming now from the Iraqi people to enhance intelligence-gathering?

Mr. GOSS. Yes, sir. I can tell you that we have had a very important role and I am very proud of the men and women of the Intelligence Community and what they have done to help enable the situation in Iraq today. Obviously, the missions of force protection are very much on our mind. The missions of our traditional business of understanding what is going on out and about in the community is part of it, and then that extra special area of expertise that we have been asked to help in in terms of helping the Iraqi people stand up an appropriate, properly safeguarded, properly overseen, intelligence service that can serve the country and serve the people rather than work against the people, which is so often the case in the type of regimes that used to be there.

I think that we have done well. I think that once the political situation settles down, we will be continuing to take advantage of the opportunities and the good will we have built up there. Frankly I am very optimistic about our capabilities to help them get on their way and that we have what we need to protect our own interests as well.

Chairman WARNER. There have been some extraordinary developments, as we all know, with regard to Syria. We have seen a measure of courage by the people of Syria, and that is in, viewing these steps by the people of Lebanon as a manifest of courage to take over their own government. Now, Syria has been a haven for many of the troublemakers flowing across the border from Iraq into Syria and from Syria into Iraq. To what extent have the recent events in Lebanon and Syria's recognition, I hope, that they will withdraw affected that cross-border troublemaking.

Mr. GOSS. It is difficult for me to make a firm prediction, Mr. Chairman. There are some aspects of that I would prefer to answer in closed session. I will tell you this, that, despite a lot of very well-intentioned and persistent efforts to try and get more cooperation from the Syrian regime, we have not had the success I wish I could report.

How events will affect those efforts to achieve further cooperation, remains to be seen in the future. Obviously we are well aware of the problems that you are suggesting, what it has meant in Iraq, what that has meant for the people of Syria, and what it has meant in Lebanon. There are things afoot, and changes happening as we speak. It is hard to know where they will come down. In the end I cannot believe that we are not going to be better off than where we have been.

Chairman WARNER. Quickly turning to Iran, to what extent are they trying to influence events in Iraq, be it in the elections, the formation of the government, and the like? Overall, what continuing threat does Iran pose to that region, particularly in the complexity of its weapons programs?

Mr. GOSS. Mr. Chairman, again in open session I want to be a little reserved. But I think it is fair to say that just about everybody who has been watching understands that Iran has been meddling in the affairs of Iraq and in the interests of Iran. I would also

say that how that is going to work out in the future is a matter of some concern and will be attended to.

I would also say that Iran in my view is one of the few very obvious sponsors of state terrorism. I would say Hezbollah is a funded terrorist organization by the sovereign state of Iran and they ought to stop it.

I also would say that their lack of candor and their lack of transparency on the subject of their nuclear program causes people to have reasonable doubt about what is their actual intent and what actual capabilities they have. That is extremely worrisome from the view point of proliferation. I believe there are good efforts going forward, proper diplomatic efforts, to achieve more transparency and more verifiability. On the other hand, I am not prepared to accept that we have gotten anywhere near the level we need to be in terms of assurance about what is going on and where it is going.

Chairman WARNER. I thank you very much.

Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman.

Relative to that issue first, is there an assessment by the Intelligence Community as to whether or not there are circumstances under which Iran would give up its ability to produce nuclear weapons?

Mr. GOSS. Senator, I believe that any such assessments the Intelligence Community would have would be classified. But I would say that the negotiations that are ongoing now clearly point the way to what the problems are. If you read in the newspapers, what is going on with the European 3 and the negotiations, I think you get a pretty good idea that the Iranians do not seem to want to be very open and candid. They want to say what they are doing, but they do not want to prove what they are doing.

Senator LEVIN. Putting aside what might be in the assessment, is there an assessment as to whether or not there are circumstances under which Iran would give up its ambitions? Do we have such an assessment? I am not asking what the contents are, but is there one?

Mr. GOSS. I would say that we have a great deal of assessments.

Senator LEVIN. On that subject?

Mr. GOSS. On the subject of Iran and nuclear matters.

Senator LEVIN. You indicated you did not want to speak in public session about Iranian efforts to have influence in Iraq. My question perhaps is a little different. You may not be able to answer it. Can you tell us whether or not the Iraqi Shia leadership has, particularly those that are seeking to attain powerful positions in the assembly, have strong connections and loyalty to Iran? Can you tell us?

Mr. GOSS. Senator, again, I am well aware that the Iraqis are in the middle of forming a government and that anything I said could possibly affect that. So I want to be very careful.

Senator LEVIN. Thank you.

Mr. GOSS. I would say, however, that there are probably some Shia who are closer to Iran than others. But I do not think that you can just put a single definition down and come to a comprehensive conclusion. You would have to take it one by one.

Senator LEVIN. Both Director Goss and Admiral Jacoby. Does the Intelligence Community have an assessment as to the size of the insurgency in Iraq, either a specific or a range of numbers? Also, do you know the approximate percentage of insurgents who are Iraqis and who are foreigners?

Mr. GOSS. No, sir, I do not think that we have an assessment that gives exact or even ranges of numbers at this point.

Senator LEVIN. Admiral?

Admiral JACOBY. Sir, we are obviously in a situation where we are supporting General Abizaid and General Casey as part of their effort, and so the range of numbers that they have cited—I believe General Abizaid less than 20,000—is the range that we are working with.

Senator LEVIN. Less than 20,000, does that mean from 15 to 20, 10 to 20, 5 to 20, or 1 to 20? Less than 20 is not a range.

Admiral JACOBY. I understand. It is in the 12 to 20, 15 to 20 range.

Senator LEVIN. Are most of those folks Iraqis or from outside of Iraq?

Admiral JACOBY. Sir, our insights there are basically in terms of the people who have been detained, and a very small percentage, in the single digit percentage, are non-Iraqis.

Senator LEVIN. Thank you.

Director Goss, is it your assessment that Mr. Abbas will take on the Palestinian groups that engage in terrorism? Is that his intention?

Mr. GOSS. I think, Senator, based on the open evidence that we have seen, that he is making very strong efforts to get the problems in the Authority under control.

Senator LEVIN. All right. Switching quickly to North Korea. Back in 2002 there was an assessment that said, "We assess that North Korea has produced enough plutonium for at least one and possibly two nuclear weapons." That was the open January 2002 assessment. It is now 3 years later. We are told they have a greater amount of plutonium.

Do you have an unclassified estimate as to how much plutonium is in their hands? It was 1 and possibly 2-3 years ago. Can you give us the current assessment?

Mr. GOSS. Senator, that is a subject for closed session. I can certainly give you a range on the estimate, the various views on nuclear weapons that we think, as to plutonium versus uranium and those kinds of details—

Senator LEVIN. In open session?

Admiral JACOBY. I am sorry, no.

Senator LEVIN. You cannot, okay.

Do you have an assessment as to whether or not North Korea would be willing under certain circumstances, including a guarantee by the United States not to forcibly attempt to change North Korea's government, to give up its nuclear programs? Do you have an assessment as to whether they would be willing, under certain circumstances, to give up its nuclear program?

Mr. GOSS. Sir, I could not discuss any assessments we have on something like that, for two reasons. One, it would be classified; and two, I would not even want to begin to characterize the work

we do when we are talking about the very delicate diplomatic efforts that are being made now.

Senator LEVIN. Do you believe that North Korea has the ability to arm a missile with a nuclear device?

Mr. GOSS. I would like to leave that for closed session as well.

Senator LEVIN. All right.

Is it possible in your judgment that North Korea actually fears the possibility of a U.S. military attack and is trying to maximize a deterrent effect to prevent such an attack by convincing us that they have nuclear weapons?

Mr. GOSS. If you are asking my opinion, do I think they fear?

Senator LEVIN. No. Is it possible that they fear an attack?

Mr. GOSS. Yes, I think that is certainly possible, in my view.

Senator LEVIN. Thank you.

There has been a lot of public press coverage over the issues of detainee abuses and rendition. I am wondering whether or not you have a policy relative to rendition and if so you could tell us what that policy is.

Mr. GOSS. The issue, which is widely reported, of so-called renditions in the press gets into areas of sources and methods, which I would prefer to answer in closed session as well.

Senator LEVIN. When you receive complaints from, evidence of torture by people against whom rendition has been used, do you follow up? Since it is not our policy—the President has said publicly it is not our policy—to engage in rendition of people for purposes of torture, do we follow up with the countries that have represented to us that they would not torture individuals we sent to those countries? Do you know whether we have ever followed up with those countries with that evidence?

Mr. GOSS. If you are asking about the Intelligence Community, again this is a kind of question that is complicated and would need to be answered in closed session. But I can assure you that I know of no instances where the Intelligence Community is outside the law on this, where they have complied. As I have said publicly before and I know for a fact, that torture is not productive. That is not professional interrogation. We do not do torture.

I can also tell you that it is my understanding and my experience that any serious allegations—and I am not just talking about some press speculation or something—that have ever been brought to the attention of the proper authorities have been referred properly for investigation.

Senator LEVIN. My last question has to do with the Inspector General's (IG) report. You have an IG who is reviewing detainee abuses and allegations thereof by members of the Intelligence Community. How much longer are we going to have to wait for the IG's report on potential detainee abuse by members of the Intelligence Community?

Mr. GOSS. Senator, as I understand the IG is the proper place to refer any allegations that come along, and I do know that he has such allegations and is proceeding on them. I do also know that he has recently briefed the appropriate oversight committee, which I think you are also a member of, and I am told that there was a fulsome briefing, on aspects that you are referring to in your ques-

tions, and that he is in a better position than I am to tell you the status of those investigations.

But I know of no matters that have not been referred to him.

Senator LEVIN. But you do not have an estimate as to when he will finish his investigation?

Mr. GOSS. No, sir. He is an independent person, in our organization.

Senator LEVIN. Thanks.

Chairman WARNER. I would have to observe here that in the course of this tragic chapter of the prisoner abuse the Department of Defense (DOD) and specifically the Department of the Army has completed about six different investigations. I join my colleague in urging that you make assessment of the time within which this report could be completed. Perhaps we could do that in closed session. It is certainly in the domain of the Intelligence Committee.

Senator McCAIN.

Senator McCAIN. Thank you, Mr. Chairman, and I thank the witnesses.

Director Goss, just to follow up on Senator Levin's questions, the thing that bothers a lot of us is that we do not seem to have a clear policy on treatment of prisoners which could then be translated into specific instructions for those who are in charge of interrogations, recognizing that it is complicated by the fact that we now have two different kinds of prisoners. One is those who are eligible for the Geneva Conventions for the Treatment of Prisoners of War and others are outright terrorists, who have none of those protections but still have protections by international treaty such as the torture treaty and others.

I wonder how you feel about that view, because when I look at these cases of abuse I think that perhaps there was not sufficient training, but maybe more importantly or as importantly, there was not specific policy guidelines issued for those people who are the ones who are interfacing with the prisoners. Do you have a view on that?

Mr. GOSS. Yes, sir, I do. I would like to make a distinction if I could. We started talking about transfers of people, alleged renditions and so forth, and then we switched to prisoner treatment. I want to make a distinction between the two and answer both questions, more candidly obviously in closed session.

I believe that there is policy and I believe that it is very well understood at this point. I am not speaking for the military side and I am not going to go to all those investigations and reviews and so forth. I am going to go to what I understand are the Intelligence Community's orders on how we use the tools that have been given to us lawfully and how we stay within bounds.

As I say, I believe that if you go back and you take a look at transfers helping other countries deal with terrorists, you will find this is a process that has been going on for more than 20 years. We actually got in the terrorist business back in the early 1980s, starting with Beirut.

I think there have always been procedures, processes, and policies in place to deal with these and they have been understood.

Senator McCAIN. Well, some of those policies at one time were to have the prisoner feel that they were drowning.

Mr. Goss. You are getting into again an area of what I will call professional interrogation techniques and I would like to—

Senator MCCAIN. That is the area that I am concerned about, because I am not sure that the interrogators are fully aware of specific policies as to what they can and cannot do when interrogating a prisoner. That is my point.

Mr. Goss. Thank you, sir. That is a clarification. If you are going to talk about the techniques as well and add that dimension to it and not just how people are held, then I would take the statement even further, to say that there has been in that case some uncertainty. There has been an attempt to determine what those policies are. I think that uncertainty is largely resolved, and in the mean time I can assure you that pending any uncertainties that anything that would be happening would be erring on the side of caution.

Senator MCCAIN. Thank you.

Switching gears, again the greatest threat we still face is a terrorist attack within the United States of America, right?

Mr. Goss. Yes, sir.

Senator MCCAIN. We also know that the only way we are going to eliminate the terrorist threat is to go where it is bred, right?

Mr. Goss. I believe it is the best way.

Senator MCCAIN. We have some reason for hope, given some of the recent events in the Middle East towards democracy. I am worried about our border. We now have hundreds of thousands, if not millions, of people who are crossing illegally every year. We are now seeing a larger number of people crossing our southern border who are from countries of interest, as opposed to just Latin American.

I am also told they found some papers that are written in Arabic, and it is a matter of conjecture as to if anyone has crossed our border. But is it not likely that someone who wanted to do something bad inside the United States would come across our border? How serious do you think this problem is from a national security standpoint?

Mr. Goss. I think that is a very serious problem and I think it is not just our southern border. It is any border.

Senator MCCAIN. Right.

Mr. Goss. It is part of the debate we have to have in our country about how a free, democratic, open society goes about the business of protecting itself from people who want to do us damage, and who are not willing to play by any rules of society. It is a very difficult question.

Senator MCCAIN. Do you think we should increase our efforts for overall immigration reform as a way of trying to address this issue?

Mr. Goss. Sir, I would have to leave that to you. I took that hat off when I took this job. I believe my job is to get as much information as possible to inform you to make the right decisions on the question you have just asked me.

Senator MCCAIN. To assess threats.

Mr. Goss. Yes, sir, of course.

Senator MCCAIN. I am asking for your assessment of how serious a threat it is.

Mr. Goss. Serious.

Senator McCAIN. Then I would like to just talk a little bit more about our own hemisphere. As we worry understandably about the Middle East and other parts of the world, we see Mr. Chavez in Venezuela getting closer and closer to Castro. We see governments in a state of instability in places like Bolivia, Ecuador, and Peru. Central America has regressed in some ways as far as corruption and other problems are concerned. We now see that Mr. Noriega is back as a viable candidate for president of Nicaragua.

Would you talk a little bit about our own hemisphere and the problems that failed states would pose and how serious you think in particular President Chavez' behavior is?

Mr. GOSS. Yes, sir. If you heard my opening remarks, I did refer, somewhat atypically, in my warning spots to Latin America. Usually we do not do that. I did that specifically for a reason, because I agree with everything you have just said. I think we need to be much more focused on a global basis to what is going on, and I think we ought to start in our back yard.

Certainly that is not where most of the terrorists are being bred and doing their plotting, that is true. But a destabilization or a backslide away from the democratic principles and ideals, the progress that has been made in the last 50 or 60 years south of the border, would not be helpful to our interests and would probably be threatening to our security in the long run.

There are certain players that are very clearly causing mischief for us. You have pointed out that President Chavez has said some things that are very hard to reconcile with friendly interests toward the United States, and has associated in ways with Fidel Castro that would again indicate that he is not taking actions that are friendly to the United States or its interests.

I am aware that there are some concerns about the matters in Central America. You have read about potential weapons left over from other days in Nicaragua coming back to bear, and some of the same players coming back. I have pointed out that we have some presidential elections coming where we could see some trouble for the stabilized democratic process in Latin America.

I think it behooves us to pay attention to that and to try and provide you the best possible information we can on what is going on, so that the policymakers can form the policies and the programs to deal with those issues. We are aware of that and that is why I mentioned it. We are trying to cover that area for you.

Senator McCAIN. Thank you very much.

Thank you, Mr. Chairman.

Chairman WARNER. Thank you, Senator McCain.

Senator DAYTON.

Senator DAYTON. Thank you, Mr. Chairman. Mr. Chairman, I just would note, in following to the hearing that you had last week on the Church report, that the New York Times yesterday reported that "at least 26 prisoners have died in American custody in Iraq and Afghanistan since 2002, in what Army and Navy investigators have concluded or suspect were acts of criminal homicide, according to military officials. The Church report, sent to Congress last week, cited only six prisoner deaths caused by abuse."

I note, because I read that report, that the qualifications that were put on that report were in terms of time parameters and the

like. But it is still—and I commend you, Mr. Chairman, for your persistent effort to try to get to the full facts involved in these unfortunate incidents. I believe what was supposed to be the definitive report provided by the Pentagon last week cited only six deaths and a week later a news report cites Army and Navy officials pegging the figure at 26. I find this distressing and it underscores again the difficulty in getting a full disclosure of these incidents.

Another report 2 months ago in the Washington Post cited Pentagon officials regarding intelligence, notification of Congress on intelligence activities, and “asserted that Defense Intelligence missions are subject to fewer legal constraints than Secretary Rumsfeld’s predecessors believed. That assertion involves new interpretations of title 10 of the U.S. Code, which governs the armed services, and title 50, which governs, among other things, foreign intelligence.”

I wonder if I could ask each of you in turn, if you are aware of any reinterpretations of existing law that have resulted in fewer constraints or notification of Congress for intelligence activities?

Mr. GOSS. Senator, I take very seriously our responsibilities to report to our oversight committees and I am not aware that we have not been anything except fully forthright and spent hours in numbers of briefings trying to inform the members of the committee and respond to any questions they have.

I know of no impedance to that process whatsoever. I think it is working well.

Senator DAYTON. It probably seems like more hours when you are on that side of the dais than this one.

Mr. GOSS. Well, it is part of the job and it is a necessary part of the job, and it is one we want to honor faithfully and fully. Our problem, of course, in dealing with some subjects in the intelligence world is that we have to do it in closed session and we have to follow those rules. I have a statutory obligation to protect sources and methods. I take it seriously.

Senator DAYTON. Admiral?

Admiral JACOBY. Senator, there has been no reinterpretations that affected the Defense Intelligence Agency (DIA), either in our notification responsibilities or our guidance and coordination mechanisms between us and the CIA.

Senator DAYTON. Thank you.

The 9/11 Commission quotes Secretary Rumsfeld. In October 2003, reflecting on progress after 2 years of waging the global war on terrorism, Defense Secretary Rumsfeld asked his advisers: “Are we capturing, killing, or deterring and dissuading more terrorists every day than the madrasas and the radical clerics are recruiting, training, and deploying against us? Does the U.S. need to fashion a broad, integrated plan to stop the next generation of terrorists? The U.S. is putting relatively little effort into a long-range plan, but we are putting a great deal of effort into trying to stop terrorists. The cost-benefit ratio is against us. Our cost is billions against the terrorists’ costs of millions.”

The commission goes on to say: “Those are the right questions.”

I wonder if either of you have answers regarding that need for a long-range plan, whether we have one in place, and whether you

think we are starting to make progress in that equation of winning the hearts and minds and bodies?

Mr. Goss. Yes, sir, I will answer that question. Positively I think we are, and I think you are seeing the results in places like Afghanistan and Iraq, where they are having elections, and in Palestine, where things are happening. I feel that there is a new wave going through Islam and they are at a junction point. The people who are espousing the radical way are having a harder go of it today because we have stepped up and tried to go to the question of what actually is being taught in those madrasas. Is Wahabism really what should be in the textbooks in Saudi Arabia?

I believe those efforts are out there. Of course, they are more than just intelligence and they are more than just military. They get into the diplomatic and the whole cultural and society energies, and we have many agencies in this government that I think are committed to that proposition. I think we well understand it now. I am not sure we did some years ago, but I think we are way ahead on that, and we are doing good things.

As for terrorism, I think that you need to always take into the equation there will be a need for law enforcement, if I can use the term. Just like we tolerate a certain amount of crime, we have law enforcement to deal with that in society. Even though we wish we had none, we tolerate some. I am afraid it is going to be that way with terrorism. But we have to get it to the tolerable level first and we are a long way from that.

So I think we are engaged globally on all the fronts we need to be, but not yet to the degree we need to be.

Senator DAYTON. Thank you.

Admiral.

Admiral JACOBY. Senator Dayton, we spent quite a bit of time in my testimony talking about those underlying factors. I believe your question properly characterizes them. It also points to the fact that this is going to have to be a multifaceted set of solutions and is going to involve a lot of players. It is not an issue only for the United States.

Senator DAYTON. Thank you.

Director Goss, I was intrigued by your suggestion about a university.

Mr. Goss. Thank you.

Senator DAYTON. As the parent of two sons who just went through the teenage years, I think the teenage years are a natural training ground for covert activity in my experience.

I wonder if you could fill that in a little bit more. Would you see this as something like one of the service academies or something that would be more dispersed? Where in Minnesota would you like to locate such an entity? [Laughter.]

Mr. Goss. Thank you, sir. I appreciate your taking up my idea and I would be happy to come out to Minnesota and look for appropriate places.

I was thinking more along the lines of the National Defense University when I started this, a place where people can come together. We started looking at what our needs were across the board in the community and we have a need to share some common things in the Intelligence Community. We have wonderful esprit in

our individual agencies and real purpose and focus of mission, which is a great thing. But it is not as good a thing as it could be if you have stovepipes and you do not share with anybody else.

So I started looking at what my needs are. I need people who are internationalists. I need language capability, which I do not have. I need cultural experience and background, which I do not have. I need more diversification. I started thinking about mixing experience with new energies and new thinking when we got into analysis and I said they have already invented this, it is called the university; why do we not apply the idea?

So that is really where it is coming from, and I hope to share it with the DNI.

Senator DAYTON. I hope you will.

Mr. GOSS. Thank you.

Senator DAYTON. Thank you, Mr. Chairman.

Chairman WARNER. Thank you very much. I am glad you asked that question. I helped the Secretary of Defense with some encouragement over 3 years to start a scholarship program to train young people in cyber security. We are up to about 10 now getting those scholarships. But I really believe, Mr. Director and Admiral Jacoby, that our country has to begin to redirect more of its assets toward training our young people to fill the gaps that we desperately need, not only in the area of security but just math and sciences and other occupations.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

First of all, Admiral Jacoby and Director Goss, we have the utmost respect for you and I have enjoyed our long friendship serving together, Director Goss. There are a few statements that you made or some references you made in your opening statement about China and our Chairman Warner made a couple of comments. We have not really talked very much about it.

I would like to come in the back door, Admiral Jacoby, on something that you said in your statement and kind of work around it here. First of all, recently Chavez said, "Iran has every right to develop atomic energy. All over the world there is a clamor for equality and profound rejection of imperialist desires of the United States Government. Faced with the threat of the U.S. Government against our brother people in Iran, count on us for all our support."

Then, bringing this into later on, he made the statement, "We have invaded the United States, not with weapons, but with our oil." He intends to use oil to fight American influence. He visited China in December and signed trade pacts for oil and gas.

Now, in the U.S.-China Commission's 2004 report, it states "One of Beijing's stated goals is to reduce what it considers U.S. superpower dominance in favor of a multipolar global power structure in which China attains superpower status on a par with the United States."

Admiral Jacoby, you said in your opening statement: "Beijing may also think it has an opportunity to improve diplomatic and economic relations, to include access to energy sources, with other countries distrustful or resentful to the United States policy."

I agree with you and I would like to have you expand a little bit on how you think this—what kind of a threat you think this poses and maybe bring some proliferation into it.

Admiral JACOBY. Thank you, Senator. I could go into details in closed session, but in this session I'll say Iran and China have a relationship for the sale of military equipment and technologies. There is an underlying basis there for a partnership because China's rapidly expanding economy right now is still very heavily a coal-fueled economy. Obviously demand for petroleum access is great. Iran, isolated in some ways in the commercial arms market and an antiquated military, in need of technology—you can end up with those kinds of relationships.

You end up with relationships, as you pointed out, like with Venezuela and China. I think those two countries categorize places where there may be mutual interests in the kinds of things that we should be expecting to see in the upcoming years.

Senator INHOFE. Their demand for petroleum products is growing so rapidly right now. In the case of Venezuela, we are purchasing right now 60 percent of their production, which only constitutes around 12 to 13 of what we are importing. But nonetheless, when they state that they would cut us off in favor of China, it is something that is concerning.

Admiral JACOBY. Yes, sir.

Senator INHOFE. Director Goss, I am trying to find some time today to get on the floor to give my third China speech in the last 3 years. In that I mention that China is not looking only to build a blue water navy to control the sea lanes, but also to develop undersea mines and missile capabilities, and to deter the potential disruption of its energy supplies from potential threats, including the U.S. Navy, especially in the case of a conflict with Taiwan.

The weapons China is investing in include cruise missiles; submarines; long-range target acquisition systems; specifically cutting edge satellites; and unmanned aerial vehicles, the advanced Su-30s and Su-35s. I have always applauded General John Jumper, who very courageously exposed back in 1998 that the Russians' Su-30s and Su-35s are better than our best strike vehicles in many ways.

At that time we knew that China had bought some 240 of those. Now I am looking at reports saying that they have bought 400 more. This would be the Su-35s, with delivery in 2006, along with everything else that they are doing.

So it is a huge military buildup. I am sure that you know much more, but I am not sure whether or not it is something you can share in an open session. But with their stated official military budget growing by 12.6 percent this year to \$30 billion, that leaves out a lot of things such as new weapons purchases and others doubling this \$30 billion.

So it is a huge buildup, and I would just like to have you, Director Goss, talk a little bit about, number one, how accurate our information is on what China is doing in terms of its military budget and its buildup, and number two, then how you see that as a threat?

Mr. GOSS. Senator, thank you. I am not sure what you are using as sourcing for your speech this afternoon, but I assure you I will be very interested in your speech and I will read it very closely.

I think you have definitely put your finger on an area where this committee needs to be working. It is of concern. I mentioned China. Again, I am not in the policy business. That is an area in which I am not supposed to be. But I think it is my job to point out that the modernization and the expenditures that are going on in the military as we understand it are something that seemingly threaten our forces and our interests, and that is something that policy-makers should definitely be attuned to.

I am very pleased for your interest in this.

Senator INHOFE. We talk a lot about various countries that may not have much of a conventional buildup, but pose a threat, such as WMD and all that. But in the case of China, you have both, and it is something that has been very concerning to me.

Thank you very much.

Chairman WARNER. Thank you very much, Senator Inhofe. As chairman I am considering the role of this committee in terms of further bringing to the attention of the public the dramatic changes in China's policy towards its weapons program, particularly in light of the very disturbing developments with regard to the European Union (EU) and their desire to lift this embargo. I and I think yourself and many others are very much opposed to that action in its present proposal of the EU.

We will now turn to Senator Lieberman.

Senator LIEBERMAN. Thank you, Mr. Chairman.

Director Goss, Admiral Jacoby, thank you for your testimony, and for your service. Director Goss, you described the employees of the CIA as an organization of dedicated, patriotic people. I agree. That is true of those who work with you and Admiral Jacoby and I thank and salute them.

I want to talk to both of you first about Iraq. We have a lot to feel good about in Iraq. Saddam Hussein is gone. The Iraqis, in the face of terrorist threats, came out 8 million plus to vote. A government was stood up yesterday. But there remains this terrorist insurgent enemy there, killers who are willing to strike at vulnerable undefended targets. They are going to go on. Hopefully, they will diminish as the Iraqi Government stands up and takes charge of its destiny.

But they are a committed, vicious enemy. Here is my concern, and I must say that I found the exchange you had with Senator Levin in this regard disappointing this morning. I worry that we do not know as much as we should today about this enemy. We are not even sure, from the testimony today, about how many there are. I understand it is not like counting troops on an open battlefield. This is at the heart of the evil of the enemy that we are facing today.

I worry also, because adequate intelligence is so critical when you are facing an enemy like this. Clearly if somebody is willing to drive into a bunch of Iraqi citizens who are signing up to become security officers and he blows himself up as well as them, the best way to stop it is to know he is coming, through intelligence.

So I present that challenge to you, if you will. Over time—and Senator Levin has focused on this—we have heard varying estimates of the numbers in the insurgency. We compare that to the number arrested and you would think that the number of insur-

gents would go down, but it keeps going up. What are we doing, and what can we do to help you, to know more about the enemy we and the Iraqis face today and we will face in years to come? I do not have to tell you, this enemy has the blood of Americans on its hands and we ought to do everything we can to know where they are and stop them before they strike again.

Please give me your response to that.

Mr. GOSS. Senator, thank you. That is a very perceptive analysis of the conundrum we face there.

One of the things we have to do—and this is not necessarily intelligence—is we have to give the young guy who gets up in the morning in Iraq a better choice than he has now of going out and picking up his AK-47 and going and shooting us. That is one of the things that has to happen.

Senator LIEBERMAN. Right.

Mr. GOSS. That may be mental, it may be ideological, it may be economic. All of those factors come in.

Senator LIEBERMAN. My hope is that as the Iraqi Government stands up it will give more of those young people that path to a better future than becoming killers.

Mr. GOSS. Well, as Admiral Jacoby said, you have to have the economic opportunity, you have to have a judiciary system, and you have to have a stabilizing force. All of those things are part of the fabric of society. I think that our intelligence mission will get easier as that part of the infrastructure and those institutions of society come into play.

But right now, if you ask me how many insurgents, I do not like to answer that question because a person may make a decision between going to a job if one is available or going out and being involved in some kind of mischief.

Senator LIEBERMAN. You mean on a given day?

Mr. GOSS. On a given day. We are not talking about what I would call a nice organized network that we can go penetrate. This is a lot of individual inspiration or two or three guys getting together. Now, some of it is obviously stroked. This guy Zarquawi is pretty good at that. But we are not talking about anything that is conventional in our way of thinking.

Senator LIEBERMAN. Do we not also believe or have reason to believe that elements of the former Saddam Hussein regime fell back and are coordinating these attacks against us?

Mr. GOSS. Some, yes, sir.

Senator LIEBERMAN. Perhaps with funding from outside, places like Syria?

Mr. GOSS. Yes, that is a factor. That is definitely a factor. It is not the only factor. It may not be the major factor. There are many, many factors. This is complicated, as you have pointed out.

You asked me if our information is adequate. No, it will never be fully adequate. But the more we have the better we do. We seem to have success in a number of ways. There are two or three threads that have worked out spectacularly for us in dealing with terrorists in the act of terrorism or who are about to be in the act of terrorism. We are getting good at that, and I will speak to that in closed session for you.

But I will tell you, generally speaking, it is the question of all the ways you can think a terrorist can disrupt a free democratic open society. In some cases they are being incited there more than in other places. In some ways it is good because we are concentrating our target in a way. It is true that there are others who are coming from foreign countries. There are known intelligence routes of where they are coming from, and people who are supplying them, supporting them, and getting the logistics to make this happen. We understand a great deal about that.

But if those people were not going to Iraq, would they still be back in country X plotting and planning against the embassy or so forth? The answer is apparently yes.

Senator LIEBERMAN. Thank you.

Let me ask Admiral Jacoby to answer the general question and, if you can, let us know to what extent we are now being able to bring to bear our considerable technological intelligence capacity and human intelligence? In some ways, these terrorists seem like, gangs on the street, who are willing to kill anybody.

I know from the cities of America that the best tool the police have to stop that kind of activity is infiltrating the gang and, frankly, buying intelligence from people who are on the street, or information to go after the killers. Are we improving our capacity to do that against the terrorist enemy?

Admiral JACOBY. Senator Lieberman, first let me join the DCI in the fact that your question reflects the complexity of the situation. The key to working the problem is really about tactical level HUMINT. It is about being able to work with the population and having the population get to a tipping point where they willingly come forward to either a coalition authority or, more likely, to an Iraqi authority. As Iraqi authorities stand up and security forces and police are in neighborhoods, Iraqis will be more willing to come forward and say, I am choosing to turn this person in and take the potential risk to my family that could transpire, rather than allowing this to happen in my neighborhood and standing by.

There has been a lot of intimidation and standing by type of circumstances. When what we call tactical HUMINT sources, in which a person walks in and willingly shares information or may share it for a small payment, if that is the motivation, when we get to that situation that is the way to take on an insurgency more successfully than we have been able to do today.

So the situation does have all of the characteristics that you are talking about. It has former regime elements who are organized to some level and are potentially orchestrating efforts to some level. It has the characteristics of disgruntled individuals. It has foreign fighters who have come in who are probably not going to be dissuaded by anything other than either a change in circumstance or having the population turn against them. Then there are criminal elements and people who sell their time on a daily or hourly wage to put various devices in place.

The complexity is there and the local Iraqis who will not put up with this any longer become the key element in changing the face of the insurgency.

Senator LIEBERMAN. I thank you. My time is up. I just want to conclude by saying that I personally cannot think of anything more

important to our long-term success in Iraq and, more important than that, the long-term success of a self-governing Iraq, than our intelligence about the enemy. Right now this is a relatively small group of people that is attempting to disrupt the clear will of a majority of 26 million people in order to have a better future.

I thank you.

Chairman WARNER. Thank you, Senator Lieberman.

Admiral, I am glad you touched on that. Citizen participation is so important to the intelligence collection. In my opening comments with Director Goss I mentioned that and asked, if there is any perceptible level of increase in that cooperation and if that is not a challenge for this new government to meet.

Admiral JACOBY. I cannot pin down perceptible change in participation. But very clearly, in polling and the sense of our people on the ground, the Iraqi population is much more hopeful about their future, and much more concerned about the stability element than they were prior to the elections. So, Senator Lieberman, I am hopefully optimistic that the kinds of trends that you and I are talking about are beginning to show and hopefully these polling kinds of flavors will turn into action on the part of the Iraqis.

Then obviously, Mr. Chairman, the goal of many of these efforts is very specifically to defeat stability and progress, and so it is a very focused effort. Stability and progress is also the way to defeat the insurgency.

Chairman WARNER. Do you wish to add something, Director Goss?

Mr. Goss. Yes, sir. It is so critically important, and I do believe it is the reason that the terrorists understand this well. They understand this tipping point that you and Senator Lieberman have brought up, which we are talking about here, of capturing the hearts and minds, if you will.

That is why the focus of the terrorist attacks is not as strenuous against the U.S. forces as it is against the innocent and the people trying to stand up the intelligence and security organizations in Iraq today. They understand that and they are using the tool of intimidation. We are trying to get stability and use that as our card against intimidation. It is going to be a horse race.

Chairman WARNER. Thank you. I hope that new government enters into this horse race and shows some strong leadership.

The distinguished chairman of the Senate Intelligence Committee, the Senator from Kansas.

Senator ROBERTS. I thank the chairman. I apologize to the chair and to the committee. I have a cold that would even challenge the worries of Howard Hughes. I will do the best that I can.

Let me say that, in response to Senator Dayton's and the chairman's question that we do have a program called the Pat Roberts Intelligence Scholars Program (PRISP). We have funded 150 people within the Agency to continue their education along the lines of the criteria that the Director has indicated. It is authorized and, a miracle, it has also been appropriated and is in the budget. I hope we can expand that.

Mr. Chairman, I would like to quote under the banner of terrorist interrogation somebody by the name of Bob Steele, who wrote a book, "On Intelligence." He said: "Terrorism may be defined as

a nongovernmental, nonconventional, dynamic, random, nonlinear, with no constraints or predictable doctrine, almost impossible to predict in advance." Yet we are trying very hard and are succeeding in regards to terrorist interrogation to save lives and to stop attacks on the homeland.

Ralph Peters in his book "Fighting for the Future: Will America Triumph?", said: "A terrorist is not the trained, disciplined soldier we have most frequently encountered. He is a morally savage, unruly killer."

This is not, in our efforts to try to protect our troops and the lives of Iraqis to protect against an attack on our homeland. This is not your normal breed of military adversary. Nevertheless, in hearing after hearing in the Intelligence Committee we learn and it is clear our most potent intelligence tools to fight terrorism is the interrogation of captured terrorists. I always ask when we have hearings, what is your most important tool in terms of intelligence, and that is what comes back.

So, Director Goss and Admiral Jacoby, your agencies and your officers play a most difficult yet very critical role in those interrogations. I want to thank you and I want you to thank them for us.

Congress, in answer to some of the questions raised by members, some of whom are here and serve on the Intelligence Committee, has been fully informed of what the CIA is doing in terms of interrogating captured terrorists. We continue our ongoing briefings with staff and members as the classification permits and more with the chairman and the vice chairman. That is with our Conference of American Armies (CAA) officers and the Inspector General. Also, Director Goss will appear before the committee April 7.

The Senate Intelligence Committee has and will insist that the CIA, the DOD, and the Department of Justice will continue to thoroughly investigate all allegations of abuse. We are now and will continue to review the results of those investigations. Any findings of criminal misconduct have been and will be referred to the Justice Department for prosecution. I have several examples. I will not go into those right now.

I have met with the IG. The reason that he has not reported back as soon as many members would like, including this one, is that his investigations are ongoing. I met with him for over 2½ hours and went into every abuse that has been reported in the press and asked him for a response, and he was most forthcoming. That is an ongoing effort by the IG, and we set it up that way in Congress. We passed the legislation in order to get this done.

Mr. Chairman, I am a little worried about something called risk aversion. How many of us on this dais have talked about how Congress's actions prior to September 11 actually contributed to risk aversion that still burdens the Intelligence Community? It seems to me we have badgered our intelligence officers to get serious and tough—I have done that—and then we sacrifice them on the altar of a different criteria when it gets a little hot in the kitchen.

I hope we do not really forget these lessons. Now, I am not for 1 minute suggesting that allegations of abuse should be ignored or that we should shy away from important oversight duties. There are many important aspects of detention and also interrogation

that must continually be overseen, checked, and aggressively examined.

But what I am saying is we should continue to examine and oversee these issues in the same discrete, judicious, and when necessary, aggressive manner that we have used up to this point. I do not think we should be in the business of prosecuting our troops and intelligence officers in the media in the midst of their work to save lives and to prevent another attack on the homeland.

I think we have to work every day to ensure that our interrogators do not violate our laws and our regulations. But I have to tell you, I am losing a little patience with what appears to me to be an almost pathological obsession with calling into question the actions of the men and women who are on the front lines of the war on terrorism. They travel to the other side of the world in the service of their country with the reasonable expectation that their country supports them. At times they make mistakes, sometimes very serious mistakes, for which they must be held accountable, and also rightfully so.

But Mr. Chairman, as we sit here in relative safety and comfort, I cannot help but think that some of us have lost our perspective. Our first and foremost duty is to support our troops and our intelligence officers at home and abroad. Again, as Ralph Peters so aptly stated, "A terrorist is not the trained, disciplined soldier we have most frequently encountered. He is a morally savage, unruly killer."

I do not think we should do any harm to our ability to keep the most potent source of intelligence, the most important source of intelligence that we have to save lives and to protect our homeland. In doing this, it should not be a choice between our commitment to follow our laws and what our country stands for and our obligation to better protect our military and the Iraqi people and our national security. We can and should do both. I think we can.

But in the end, I want you to know, Admiral, and also to the Director: I am with our troops, doing a most difficult and necessary job.

I am already over time, but I am worried about risk aversion with all of the attention now being paid to the numerous investigations and prosecutions, etcetera, etcetera, and yet another call for an independent investigation. I do not know who would want to do this job over there with all of that, without having the fear of being dragged back into an investigation or something of this nature.

Can you tell me very quickly, since I am over time, where are we with risk aversion in regards to the people who are doing a very difficult job with some very savage killers?

Mr. Goss. Mr. Chairman, thank you. Your words are very welcome to me and I am sure also to the men and women of the Intelligence Community.

I will assure you that every effort is made to make sure that whatever actions we take are proper and within bounds in the Intelligence Community, in any aspect of the use of any of the tools in our toolbox. That is very certain and we demand that in management, you demand it in oversight. I think we have good transparency and good mutual trust and confidence between the doers and the overseers.

I do not think that it causes us in the short term to have any less enthusiasm in applying our skills in our jobs. But when there is perpetual uncertainty and perpetual doubt about whether or not there is going to be full support for the mission, it would be hard to argue that it is not going to impact morale and it is not going to impact performance eventually.

I sincerely hope that that is not the case. I know we have too many good men and women out there, and I think they understand that we try and run interference as best we can—all of us, the legislative, judicial, and executive branches—to help them get the very dangerous work done that they have to get done, and so that we may from time to time have to in a free, democratic, and open society, check if we are doing this the right way. I think we are doing that.

But I do think you are right. We run a risk, if we persist in allegations that are unfounded because it is becoming a feeding frenzy on talk shows that need a subject to fill the air time. I think we run the risk of doing ourselves damage.

Senator ROBERTS. I thank you for your statement.

Chairman WARNER. Thank you very much.

Senator ROBERTS. Mr. Chairman, I have a much longer statement which I spared the committee. I would ask that it be inserted at this point.

Chairman WARNER. Without objection, it will be inserted in the record.

[The prepared statement of Senator Roberts follows:]

PREPARED STATEMENT BY SENATOR PAT ROBERTS

Thank you Mr. Chairman. As we discuss the threats to U.S. national security, I think we should all agree that the most clear and present threat is terrorism.

In Bob Steele's recent book, "On Intelligence," the chapter on Recasting National Security in a Changing World defines 'emerging threats', such as terrorism as, "non-governmental, nonconventional, dynamic or random, nonlinear, with no constraints or predictable doctrine, almost impossible to detect in advance."

In Ralph Peters' book, "Fighting for the Future," the chapter on Winning Against Warriors notes the resurgence of terrorists defined as, "morally savage, unruly killer, not the trained, disciplined soldier, will be the type of enemy most frequently encountered."

These quotes underline the reality that we are not fighting your normal breed of military adversary. Nevertheless, in hearing after hearing in the Intelligence Committee, it is clear that our most potent intelligence tool to fight terrorism is the interrogation of captured terrorists. Director Goss and Admiral Jacoby, your agencies and officers play a most difficult and critical role in those interrogations. Thank you and thank them for us.

It is important to remember that information gathered from interrogating terrorists is saving lives and preventing attacks on the homeland. We must preserve this irreplaceable source of information. If we ignore this intelligence, many more lives will be lost and we will suffer more attacks, many aimed at our homeland.

Against this sobering and harsh back-drop, some of my colleagues on the Intelligence Committee, some of whom also serve on this committee, have been calling for yet another investigation. One in which the Intelligence Committee explores our detention and interrogation operations. This would, of course, be in addition to the countless other reviews, inquiries, and investigations that have or are currently being conducted by the Department of Defense (DOD), the Central Intelligence Agency (CIA), and the Department of Justice (DOJ).

How many investigations will be enough? While current investigations are ongoing, and where problems have been identified and individuals are being held accountable and prosecuted, what will yet another investigation accomplish?

Congress has been fully informed of the CIA's actions concerning the interrogation of captured terrorists. We continue to have ongoing briefings with staff and mem-

bers, as classification permits, with CIA officers. Additionally, the Inspector General (IG) and Director Goss are scheduled to appear before the committee on April 7.

The vast majority of our military and intelligence personnel have acted honorably and appropriately. This is not to say, however, that there have not been serious problems. There are allegations that individuals have acted on their own in violation of the rules set in place to prevent abuses. These are serious allegations that cannot be ignored. But, the fact is, they are not being ignored. I am not aware of any such allegation of improper activity in the military or the Intelligence Community that is not being fully addressed and investigated.

The Senate Intelligence Committee has and will continue to insist the CIA, the DOD, and the DOJ continue to thoroughly investigate all allegations of abuse. We will continue to review the results of those investigations. Any findings of criminal misconduct have and will be referred for prosecution.

Last summer, for example, a Federal grand jury in North Carolina indicted a CIA contractor for assaulting an Afghan detainee in Afghanistan. The case was formally referred to the DOJ by the CIA. In fact, congress created institutions like the CIA's Office of Inspector General, the DOJ, and the various investigative arms of the DOD to conduct these very types of investigations. I think we need to allow them to continue to do their work.

Congress will carefully examine and monitor the results of these ongoing investigations. If we find any shortcomings as a result of these investigations, there will, of course, be cause for us to conduct our own inquiry. That does not mean that Congress has been ignoring or will ignore these issues. As it stands right now, the system that Congress designed seems to be working.

Detention and interrogation are very difficult for Congress to monitor, and command a large portion of our time and effort. The Intelligence Committee's 511 page weapons of mass destruction (WMD) report on the 2002 National Intelligence Estimate clearly shows that we do not neglect our responsibilities. It was, in fact, a seminal inquiry that led to intelligence reform.

So, what would a new formal investigation really accomplish, beyond what we already do on a daily basis in the course of our ongoing oversight efforts? I believe that those in the field will join me in saying that another formal investigation will create risk aversion, the very thing we are trying to avoid.

Do we believe that our CIA and military interrogators are bad people? Are they irresponsible? You could certainly be left with that impression if you only read the newspaper accounts of unending calls for new investigations.

How many of us on this dias have attested to the fact that Congress' actions prior to September 11 contributed to the risk aversion that still burdens our Intelligence Community? We badger our intelligence officers to get serious and get tough, and then we sacrifice them on the alter of expediency when it gets a little hot in the kitchen. Have we forgotten those lessons?

Let me be clear, I am not suggesting that allegations of abuse be ignored or that we should shy away from our important oversight duties. There are many important aspects of detention and interrogation that must be continually overseen, checked, and examined. What I am saying is that we should continue to examine and oversee these issues in the same discrete, judicious, and when necessary, aggressive manner that we have used up to this point. But let's not prosecute our troops and intelligence officers in the media in the midst of their work to save lives and prevent another attack on the homeland. Make no mistake, another formal investigation by Congress will be a very public "vote of no confidence" in our people in the field and the critical work they do every day. Judging from the daily reports we receive, I, for one, have not lost confidence in them or their work.

Mr. Chairman, we must work every day to ensure that interrogators do not violate our laws and regulations. An unnecessary and redundant formal investigation, whose terms of reference are literally boundless, will only serve to further undermine the morale of the hardworking intelligence officers that we rely on to interrogate captured terrorists, and will induce risk aversion.

Mr. Chairman, I am fast losing patience with what appears to me to be an almost pathological obsession with calling into question the actions of the men and women who are on the front lines of the war on terrorism. Some of these brave souls wear uniforms, but many do not. They say goodbye to their wives, their husbands and children and assure them that everything will be alright, with the quiet and courageous understanding that it may not be alright. They travel to the other side of the world in the service of their country with the reasonable expectation that their country supports them. At times they make mistakes, sometimes serious mistakes for which they must account, and rightfully so. But, Mr. Chairman, as we sit here in relative safety and comfort, I can't help but think that some of us have lost our perspective. We will and must do our duty as elected officials. Our first and fore-

most duty, however, is to support our troops and intelligence officers at home and abroad.

I, for one, Mr. Chairman, will not use the constitutional authorities vested in this great institution as a blunt instrument at the expense of the very people we depend upon to keep us safe every day. As Ralph Peters so aptly stated; "A terrorist is not the trained disciplined soldier we have most frequently encountered, he is a morally savage unruly killer."

In this regard, we must not do harm to our ability to keep the most potent source of intelligence that we have to save lives and protect our homeland. It should not be a choice between our commitment to follow our laws and what we stand for, and the primary ability we have to better protect our military, the Iraqi people, and our national security. We can and should do both. But, in the end result, I'm with our troops doing a most difficult but necessary job.

I thank the chair.

Chairman WARNER. I must say, I think this committee pursues its responsibility with full recognition of trying to defend the men and women in uniform and to the extent our men and women work with your fine team at the Agency, in giving them every support we can.

I interpreted your remarks this morning, Mr. Director, as conveying to the committee and the public at large in that you are able to perform the duties of the mission of the CIA and collect that intelligence and do so consistent with what this Nation stands for, the rule of law. Am I not correct in that?

Mr. GOSS. You are correct, sir.

Chairman WARNER. I thank you, sir.

Senator BEN NELSON.

Senator BEN NELSON. Thank you, Mr. Chairman.

I might note that Senator Roberts always seems to be hoarse after Kansas State does not have such a spectacular basketball season. So I do not know if there is any correlation or not.

Senator ROBERTS. Hell, that has been 15 years. [Laughter.]

Senator BEN NELSON. Thank you very much, Director Goss and Admiral Jacoby. I appreciate you being here today. I want to associate myself with Senator Roberts' remarks about supporting and pushing for the high morale of our men and women in uniform and those who are involved in intelligence. It is critical that we continue to do that.

I think we all understand that when the effort is made in good faith toward competence, perfection is never possible, but certainly a good job is what we are seeking to get, and we support them. It is always difficult when there is some sort of failure of effort and it makes it very difficult for everybody, but I think we can discern the difference between those situations, which are apparently very rare compared to the competence.

Going back to Senator Lieberman's area of concern about terrorism, one of the things that I have not heard much about recently is following the money trail, recognizing that shutting down cash flow very often degrades and interferes with the capacity of the terrorists to be able to continue their efforts. I think as we look at the whole area of terrorism, not just limited to what we are facing in Iraq but overall, is there anything within the context of this open session that you might be able to tell us on the progress we are making in following the money trail?

Mr. GOSS. Senator, I would be excited to tell you about progress in that in closed session.

Senator BEN NELSON. Okay. Then also, turning to Pakistan for just a minute, we have obviously viewed Pakistan as an ally since September 11, but with a little bit of initial unease because of their prior association with the Taliban. Last November, together with some of my colleagues, I visited Pakistan and at that time we heard, what turned out fortunately to be an erroneous news report, that the Pakistani military would cease their search on the border for Osama bin Laden. It obviously caused concern.

This week the news reports indicate that Pakistan is maintaining its nuclear black market channels and are attempting to procure nuclear components to upgrade their capabilities. Yet the Pakistanis deny this. Is there anything that you can tell us in open session here regarding that potential effort or reported effort to upgrade their nuclear program?

Mr. GOSS. There is nothing that I can tell you in open session about that, sir.

Senator BEN NELSON. Well, that is strike two for me. Let us see if I can go to something else.

In your testimony, Director Goss, you mention that Iran continues to hold in secret important members of al Qaeda. Now, I think we all would be concerned if that is the case. Do we know whether or not that is the case? Are they assisting in providing any kind of sanctuary to al Qaeda members?

Mr. GOSS. Sir, the answer I can give you is intelligence in which I have high confidence is that they in fact have several high-level al Qaeda people in Iran. What condition they are in in Iran is a matter I would rather discuss with you in private. But in fact those people are in Iran.

Senator BEN NELSON. Can you tell us anything here in open session about the reform movement in Iran? Obviously it appears from reports that the conservative group seems to be the stronger of the reform. Is there any likelihood that the reform movement can survive in that environment?

Mr. GOSS. The answer to your question is that your observation is correct, that the conservative elements at the moment would appear to be rather dominant. What that means for the future of reform in Iran is subject to a lot of assessment and I would be happy to give you the Community's views in closed session.

Senator BEN NELSON. Okay. Finally, let's discuss as it relates to the efforts that are going on in the area of Taiwan and the People's Republic of China (PRC). Can you give us your assessment of how much more likely it is that a PRC move would be now since they have adopted a war-authorizing act? Or is that something also for a closed session?

Mr. GOSS. The Taiwan Straits issue is as delicate a political issue or one of the top five in the world that have consequences. As I found out in my previous hearing in front of another committee not so long ago, what I thought were perfectly reasonable remarks were not taken as such. So I would rather defer that one as well until closed session.

Senator BEN NELSON. I thought that only happened to us. I am not relieved that it has happened to you, but maybe it gives me some comfort.

Mr. GOSS. Thank you, sir.

Senator BEN NELSON. Thank you, Mr. Chairman.

Chairman WARNER. Thank you very much.

Senator Cornyn.

Senator CORNYN. Thank you, Mr. Chairman.

My questions have to do with our southern border, down in Mexico, Central America, and South America. I have heard our Nation's policy, while we have been consumed with other more immediate and urgent causes in the Middle East described, as a policy of benign neglect towards our southern neighbors. I am afraid that if that is an accurate description, that that neglect may come back and bite us badly at some point.

One of my concerns has to do with Chinese investment and military, and possible military-to-military cooperation, certainly with Castro's involvement, in South America, and the increasing belligerence of South American leaders toward the United States. I'm also concerned with the prohibition on our ability to enter into military to military cooperative agreements unless there is a bilateral agreement that exempts our servicemembers from prosecution before the International Criminal Court.

I would like to ask Admiral Jacoby about that in a minute. But first, Director Goss, the State Department's "Pattern of Global Terrorism 2003" notes that, "Although there continue to be reports in 2003 of an al Qaeda presence in the triborder area"—that is the area of Argentina, Brazil, and Paraguay—"these reports remain uncorroborated by intelligence and law enforcement officials."

But it is no secret, even if that specific activity is uncorroborated. Given our porous southern borders, given the difficulty that Mexico has controlling its borders, and given the activity of all sorts of lawless activity, whether it is human smuggling, trafficking in persons, money laundering, or illegal drug activity, are you satisfied that we are committing the appropriate level of resources to protect ourselves from threats emanating from the south?

Mr. Goss. In terms of information collection, Senator? Is that the thrust of your question?

Senator CORNYN. Yes, let us start there. But certainly if we had information there was a danger, we would do something about it. But let us start with that, please, sir.

Mr. GOSS. No, I am not satisfied that we have sufficient coverage of our back yard at all. We very clearly have over the years—and this has been going on for some time actually—been stripping down and perhaps enjoying a peace dividend, as some would maybe characterize it. But we have phased out a lot of activities that we wish we had not at this point.

We are strong in some areas. We are better in some areas. Narcotrafficking is an area in which we actually are pretty attentive to. Some of the other kinds of things that are going on down there which we could be better informed on that would help us clearly are the kinds of things I was speaking of.

Most particularly, perhaps the main threat is exactly the movement of people or the trafficking of weapons or materials that could be of value to terrorists or others who have other agendas. Those are areas in which you want as much information as you can get all the time, and areas I think that need building up.

Senator CORNYN. Well, I very much appreciate your candor, more than I can say, because it seems self-evident to me coming from Texas and spending a fair amount of time along our border region. Just recently I flew with the Border Patrol helicopter down the Rio Grande River around Laredo. We do a pretty good job of controlling movement across our international bridges in places where at least people ostensibly try to comply with legal requirements. But between the bridges it is wide open and, unfortunately, I agree with you that there is a lot of opportunity there for people who want to hurt us to come through there.

Admiral Jacoby, let me ask you about the Chinese and other government investment and activity in South America, particularly the limitations that apply, unless someone signs an article 98 agreement to exempt U.S. service persons from prosecution before the International Criminal Court. What kind of hindrances and problems do you see there that perhaps we need to pay more attention to that would limit the ability of other nations to get very much involved, particularly on a military level, in South America?

Admiral JACOBY. Senator, you can appreciate I do not follow the article 98 policy implications closely as part of my responsibilities. From our standpoint as Defense Intelligence, we have not had inhibitions in terms of the kinds of relationships and our activities of our defense attachés and so forth as a result of this. But obviously, when you get into the training and some of the other actions and activities, article 98 gets to be a major player.

Your observation about Chinese investment in the hemisphere is very accurate. I am thinking back to my days as Director of Naval Intelligence, when the Chinese companies were very active with the Panama Canal companies as an investment opportunity. Sir, that continues in the hemisphere and, frankly, continues globally. It would not be at all a surprise, if a booming domestic economy and a worldwide presence opened up those kind of opportunities for Chinese investment. Central America is one key area.

Senator CORNYN. Given the inhibitions or perhaps prohibition I should say, on military to military cooperation that we have—and I am not suggesting I know the answer to that yet, but just that it is a problem we need to pay attention to—those investments will follow on with military involvement and cooperation between these South American and Central American governments that we are precluded from interacting with on that same basis.

Certainly we know that Fidel Castro is uninhibited in his activities with some of the countries in South America that are natural resource-rich, and that China and other nations want to have access to for their own economic survival and vitality.

My time is up. Thank you very much, gentlemen.

Mr. GOSS. Thank you, Senator.

Chairman WARNER. Thank you very much, Senator.

Senator Kennedy.

Senator KENNEDY. Thank you very much, and I apologize to the witnesses. We have the budget over on the floor and our amendments come up at different times, and I regret that I missed the earlier parts of the testimony.

Admiral Jacoby, Director Goss, did you tell us—and I apologize if you have—about the number of Iraqis that are being trained cur-

rently? Do we have the numbers and what the flow line is in terms of output from them in Iraq?

Admiral JACOBY. Senator Kennedy, it did not come up and, frankly, I do not have those kinds of numbers. You would have to work with the Department for that.

Senator KENNEDY. All right. I know you have gone through this, but I would like to come back to this policy on rendition. I have been informed by staff that there has been some comments about this and a desire to get into a secure session for it. But I would like to ask a little bit more about some parts of it that I think ought to be able to be answered.

Yesterday the President said we send detainees back to their country of origin with the promise that they will not be tortured. Last month, Mr. Goss, you said that we have an accountability program to make sure the promises are kept. But since September 11 the U.S. has flown 150 suspects to countries like Egypt, Saudi Arabia, Syria, and Jordan, countries that we know engage in the torture, and they are not always the detainee's country of origin. We have turned over a Canadian to Syria, where allegedly he was tortured for nearly a year until the Syrians concluded he had no ties to al Qaeda and released him.

We detained an Arab German and flew him to Afghanistan, where he was drugged, beaten, and then released 5 months later. We captured an Arab citizen of Australia and flew him into Egypt, who says he was given intense electric shocks, hung from metal hooks, beaten, and almost drowned. The U.S. eventually released him from Guantanamo.

If we are sending them back to the countries of origin, how do you explain the fact that we are sending many of these people to other countries?

Mr. Goss. Senator, thank you. On the subject of transferring dangerous terrorists and how that all comes about, there are obviously a number of equities involved. We have liaison sources. We have other government agencies. The idea of moving people around, transferring people for criminal or other reasons by government agencies, is not new. For us in the intelligence business, the idea of helping out dealing with terrorists has been around for about 20 years, and we do have policies and programs on how to do it.

We also have liaison partners who make requests of us, and we try to respect not only the sovereign rights of other countries, but all of the conventions and our own laws and of course the Constitution. As far as I know, we do that, and in cases where we do not or there is a problem, there are ways to bring it to the attention of people like our IG. That system does work.

Senator KENNEDY. Well, you mentioned other times. During the Clinton administration they had used rendition. They used it, as I understand it, for limited purposes, to return terrorist suspects for criminal prosecution. It required an interagency group's review. Do you require interagency groups to review, and also to approve each requested transfer? Do you have those kinds of safeguards? Did you maintain that process?

Mr. Goss. Sir, I can only speak for the Intelligence Community.

Senator KENNEDY. That is exactly what I am asking. Those were in place during the previous administration. I am asking whether those kinds of protections still exist.

Mr. GOSS. I actually believe that since September 11 and since we have understood the value of how to deal with the terrorist threat that we have more safeguards and more oversight in place than we did before.

Senator KENNEDY. Well, there are many that believe that if we abuse prisoners in ways, we do not undermine al Qaeda; we strengthen them and make it easier to recruit terrorists and create a backlash of hatred against us.

Moving on to the Bybee memoranda, which we went into in very great detail in the Judiciary Committee at the time of Mr. Gonzalez's hearings. I am wondering whether you can confirm that the CIA is no longer using the legal guidance contained in the August 2002 Bybee memorandum? That is the earlier memorandum, just to refresh your recollection. That was in place for 2½ years. Basically, the evidence is that it was initially requested by the CIA to get Mr. Gonzalez to request the Office of Legal Counsel (OLC) to give them a memorandum that would permit them a lot more latitude in terms of dealing with prisoners. Now that has been repealed.

I am just trying to refresh your recollection. But I want to know whether you can confirm that the CIA has conformed its conduct as redefined in the December 2004 OLC memorandum.

Mr. GOSS. Senator, I am obviously not as informed on the exact memorandum as you are or as your Judiciary Committee would be. Let me say that I know that the CIA has done everything it can to find out what the rules are, to get them as clear as possible, and to give those instructions to the men and women in the Intelligence Community in the field.

I am satisfied that is happening.

Senator KENNEDY. I asked Mr. Gonzalez specifically whether or not he had given the new memorandum to the CIA and he said it had been distributed to the Defense Department and he presumed, that it had been given to the CIA. Those are guidelines on torture and I think it is important to know.

Mr. GOSS. Excuse me, sir. I thought you were talking about the transfer of detainees.

Senator KENNEDY. No.

Mr. GOSS. These memos you are talking about go to the treatment?

Senator KENNEDY. That is right.

Mr. GOSS. Sir, there has, as we talked about earlier, been some discussion about what are the right policy guidelines that are completely understood by everybody, both military and civilian. I think that there is clarity on that now. I will not say in open session, but I can tell you absolutely, as I testified to the Intelligence Oversight Committee, that at this time there are no techniques, if I could say, that are being employed that are in any way against the law or would be considered torture or anything like it.

Senator KENNEDY. My time is up, Mr. Chairman. When you go back to the office, if you could look at the December 20 OLC memorandum which overrode the initial Bybee memorandum that was

wide open in terms of permitting, and I think that was really the basis of a lot of the abuses that took place. Could you give us the assurances that the agency, all of its instructions to its field organizations and to anyone that is coming under its kind of control that those particular provisions outlined in the Legal Counsel are being respected throughout the Intelligence Agency.

If you could submit that to me, I would appreciate it very much.

[The information referred to follows:]

[Deleted.]

Mr. GOSS. Yes, sir. Just to make sure I understand: you wish to make sure that we are adhering to the December 20, 2004, guidelines?

Senator KENNEDY. Yes.

Mr. GOSS. Yes, sir, I will get you that.

Senator KENNEDY. I do not want to take the additional time. There is a dramatic difference between what was permitted for 2½ years under the Bybee memorandum and then what was changed. What was changed was sent up just at the time that Mr. Gonzalez's nomination came up here, and Mr. Gonzalez then testified that those were the rules. He indicated that the changed rules went to the Defense Department and he presumed that they went to the CIA, but he did not know that for certain, I think it is fair to say. I would like to know.

He indicated and later the Secretary of Defense has indicated that that is what is now guiding the DOD. Does the Agency know about it and are you complying? Can you give us the assurance that those are the instructions that are being used out in the field?

Mr. GOSS. I will do that, sir.

Senator KENNEDY. I thank you.

I thank the chair.

Chairman WARNER. Thank you, Senator.

Senator Sessions.

Senator SESSIONS. While the Bybee memorandum was recalled and altered somewhat, it was fundamentally an accurate statement of the ultimate powers of a President to defend the United States. The important point is that this was an OLC memorandum to the President and the executive branch, at their request, on what the powers of the President and the executive branch were, including the military.

However, the military never had a policy to execute or carry out all those powers. In fact, their policies were much more restrictive and have been more restrictive than may have been allowed under the broadest interpretation of the law, as I understand. Senator Kennedy and I have been on this in the Judiciary Committee for some time and we have had lawyers, cases, and arguments.

I want to say that that was an advice given by the OLC of the U.S. Department of Justice, empowered to render such opinions, and they rendered an opinion. The military never developed or carried out a policy to my knowledge, and to any of the hearings that we have seen, that would have gone beyond the law and even carried out the full powers of that memorandum.

I would also note that, I know, Admiral Jacoby and Director Goss, how frustrating and difficult your task is. I think about those

people that we have been called on to release them: They have to be released, we cannot hold these unlawful combatants in Guantanamo. They are not prisoners of war (POWs). They have less protections than prisoners of war. They are unlawful combatants who sneak into a country with the idea of killing people surreptitiously, of not wearing uniforms, of not openly being a part of a nation state, as POWs are.

So we have to release them. We released a bunch of them and now we see that the newspapers are reporting at least 12 have been re-arrested in the theater attacking Coalition Forces. It is not an easy task. Nothing you do is going to make people happy. If you release them improperly to some foreign country and they release them and they kill somebody, they will blame you for letting them go. If you hold them, they will continue to blame you for that.

The traditional rule of warfare is that a person that is captured during the course of war is held until the war is over. That is the way we do.

Let me ask both of you this. From my experience as United States Attorney, working with a host of different Federal agencies, I came to realize just how hard it is to achieve cooperation, partnership, and unity. We passed the Intelligence Reform Act last December. The President has signed it. We will soon be having confirmation hearings for Ambassador Negroponte, who will be the new DNI.

How is this expected to affect your agencies and your relationships with one another? Have you made changes and taken actions now in preparation for that that can help make this a success? I am not sure it was a brilliant plan, if you want to know my opinion. But we have done it, and it could work and could be successful.

Have you any thoughts? If you need any further legislation to make this thing work better, I hope you will let Congress know. Director Goss?

Mr. Goss. Thank you very much, Senator. I appreciate your observations on the Judicial Committee's proceedings.

I am prepared, Senator Kennedy, to tell you that we have seen the December 4 OLC memo and fully comply with its guidance, I am so informed. If you have further guidance on that matter, we always welcome it. We want to be sure we are doing the right things.

On the question of the DNI, this is legislation that we are doing our best to implement. That is our job and we will do our best to implement it. It is up to you to determine if there will be further changes, but if we have suggestions we will certainly be forthcoming.

As the DCI, I have started the process of how I would turn over the responsibilities that would be community-wide to the DNI. That process is in effect right now. We have begun already. We have of course set up a National Counterterrorism Center (NCTC), which is also provided for. The steps are underway.

I have tried to reserve for the DNI all of the decisions that would be appropriately the prerogatives of the DNI. So we are treading water a little bit in a few places, but we have the foundation stones in place for a DNI to come in, to make the decisions, and to launch rather rapidly in my view.

Frankly, I think it is going to work out fine, because we are dealing with people who have worked together for a long time, and who are trying to do the best they can for our country, and for our men and women in uniform overseas who are clearly in harm's way, as well as our men and women in the Intelligence Community, who are also taking huge risks.

I do not think there is any question about that. There will be some question about how we straighten out some of the working relationships. That is an inevitability. I think that is what we are expected to do in our jobs and we will do it.

Senator SESSIONS. Admiral Jacoby.

Admiral JACOBY. Senator, we are looking forward, obviously, to the confirmation and moving ahead. In the mean time, we are not treading water either. We have put considerable amount of time and attention through last fall and into this year in strengthening the defense capabilities and the integration within Defense Intelligence so that when we are a part of this national community we are bringing the best possible capabilities we can to the DNI for his employment.

Obviously, we are active in the transition team planning that Director Goss has put in place. We also have not slowed down or wavered from our course to strengthen our relationships with other Intelligence Community partners, most specifically the CIA in the analysis and HUMINT area and very specifically our involvement and long-term engagement within the NCTC.

So I think I can assure you that we are not sitting and waiting. We are preparing and ready to move out.

Senator SESSIONS. I am glad to hear that. I know that as a direct result of President Bush's very strong leadership, every agency reached a new level of sharing of information and cooperation, and a lot of it was done on a personal basis. People met at the proper levels and started sharing information to an incredible degree.

We need to be sure that this new reorganization does not upset that. It could even be a setback without everybody's determined effort to make sure we do not, in our formalization of these procedures, drift back into the bureaucratic mind set rather than the personal immediate sharing of relevant and important information.

I know that you will work toward that. I would just want to say, Director Goss, that I respect your agents so much. I know the CIA has been blamed for this and that, and we want to see some changes but I salute you and support you in making changes that you feel are necessary to really empower that agency to reach its fullest potential. Having been around the world and visited with CIA agents in dangerous countries that they work in 7 days a week, 12 hours a day, nobody knows their name, I know that they could be targets of a terrorist at any time. Their families cannot join them in these countries. They are serving as much as any soldier in the field and we need to remember and value their contribution to this Republic.

Mr. Goss. Thank you for recognizing that, Senator.

Chairman WARNER. Thank you, Senator.

Senator Bill Nelson.

Senator BILL NELSON. Thank you, Mr. Chairman.

Good morning. I would like both of your comments on Venezuela, Bolivia, and the Venezuelan-Colombian border, as well as the Revolutionary Armed Forces of Colombia.

Mr. GOSS. They are emerging troublesome areas and demand close coverage, probably some policy formation, and perhaps some execution before we understand the real intent motives for some of the activities that are going on. We clearly are talking about some political activities. We are talking about some illegal activities with narcotraffickers. We are talking illegal arms smuggling and a bunch of other things.

We are talking about meddling in sovereign affairs of different countries by state actors. There is quite a bit on the plate to cover and a lot of decisions to be made policy-wise about what steps to take, and we should be ready to help take those steps when we are required to.

Senator BILL NELSON. Chairman Lugar of the Foreign Relations Committee is doing an investigation right now with regard to the implications of the cutoff of oil from Venezuela were that has become the case. I think we would have some warning, because there are not any refineries other than ours right now that can refine that grade of crude. We would have some.

We need to be mindful of that. We also need to be mindful of an opportunity, despite Chavez's rhetoric, in which we can start bringing them together. Now, my sense is he thinks the CIA was behind the coup that tried to take him out, and thus he does not have much dealings with the CIA at all. But there is government-to-government contact with regard to our FBI and there are still military-to-military contacts there. I think we ought to continue to encourage, if not with him, moderation within that society as much as we can.

Admiral, do you have anything more to report to us on the search for Scott Speicher?

Admiral JACOBY. Senator, let me just sort of recap. We have, as we have talked previously, no information to suggest that Captain Speicher was ever held by the former Iraqi Government. We continue our search for information by having it be a high-end requirement for any detainees. We are positioned and prepared to put our team back on the ground in Iraq if any new leads develop. But right now there are really no active leads.

We are in the process of preparing a report for the Secretary of the Navy of the work that was done on the ground, so that we pull all of that together and put the source reporting together all in one document for his consideration.

Senator BILL NELSON. I was under the impression that that report was supposed to be ready months ago. What is holding it up?

Admiral JACOBY. Sir, it came to me. I did not find it to be as complete as I felt it needed to be, recognizing that it is an interim report in the sense that the search for information continues, and I remanded it back to the drafters and the team that had been on the ground in Iraq to fill in some areas that I thought were not definitive enough in the finding.

Senator BILL NELSON. Well, one thing that I want to thank you about is that when Pat Roberts and I started agitating on this about a couple of years ago, you all formed that special Speicher

unit, which was formed before we went into Iraq. We are grateful for that, and we are grateful for the dedication of the people that were on that particular unit because they worked very hard.

Admiral JACOBY. They did, sir, and I will relay that to them.

Senator BILL NELSON. We first thought they were going to find him, and then we thought we might be able to find the evidence so that the family could have closure.

Admiral JACOBY. Yes, sir.

Senator BILL NELSON. Thank you for that. But I wish you would speed up that report. We are kind of getting tired of waiting for it.

Admiral JACOBY. It is about to be finalized, sir.

Senator BILL NELSON. Mr. Director, in your testimony regarding Haiti you stated that the outlook is very cloudy for legitimate timely elections in November 2005, even with substantial intelligence support. What in the world are we going to do if there are no timely elections? What impact is that going to have on the internal security situation?

Mr. GOSS. Senator, I think it is the internal security situation that is actually impacting the capacity to have the elections at this point. I am hoping that we will, through the efforts that are being made there, and are now I think being led perhaps by the Brazilians—I may have that wrong—

Senator BILL NELSON. They are part of it.

Mr. GOSS. Good leadership. They are trying to work their way through the countryside to create stability. When we see the opportunity for an electoral council to get up again and there to be what I will call a more normal process, I will be more encouraged and it will not be such a cloudy forecast.

But right now we just are not at that level of stability or opportunity in Haiti, regrettably. I wish it were not so, but it is.

Senator BILL NELSON. Does that suggest that one possibility is that we do not have a substantial enough international security force to stabilize the country?

Mr. GOSS. In my estimate, they could beef up the intelligence security force a little bit and it probably would have a benign effect, that is correct. But I still think that there are some matters among Haitians which are going to need to be settled, and I think that that has historically been a difficult proposition.

One hopes to keep providing the opportunity for them to work it out. We have done that a number of times and so far we have not had the success we had hoped.

Senator BILL NELSON. Well, thank you both for your public service.

Mr. GOSS. Thank you, Senator.

Chairman WARNER. Thank you, Senator Nelson.

I would like to inform members of the committee, and many of them are participating in the debate on the floor, that it is the intention of the chair and the ranking member to reconvene in Hart 219 at approximately 12:10 to continue the closed session. So we will now have the participation and the question period by our colleague Senator Clinton, and then we may have a housekeeping or another matter you wish to bring up.

Senator LEVIN. A couple questions.

Chairman WARNER. All right, thank you.

Senator Clinton.

Senator CLINTON. Thank you, Mr. Chairman.

Welcome, Director Goss and Admiral Jacoby. I thank you both for your service and for being here to respond to our questions. The Department of Homeland Security (DHS) has been trying to focus the antiterrorism spending that it has jurisdiction over in a more strategic, risk-based manner. Through their analysis, they have identified a number of possible attacks that it views as most plausible or devastating, including the detonation of a nuclear device in a major city, the release of sarin nerve agent in office buildings, and a truck bombing of a sports arena.

I would like to ask you both, what role if any did the CIA and the DIA have in working with the DHS in generating this analysis and list?

Mr. GOSS. Senator, I do not believe that CIA had much role in that at all. The breakdown in DHS between domestic and foreign is very critical because Americans do not spy on Americans and we keep our foreign intelligence program overseas. However, we do provide information. That is the place where we come together. So the degree of information that might have gone into some estimates on that, it is very possible and probably likely that some CIA sources, some of our channels, were used in making estimates about the likelihood of a chem-bio attack or so forth.

But as to sitting down and assessing directly where the risks are in the homeland, that would be a little bit out of our lane.

Senator CLINTON. Admiral?

Admiral JACOBY. Senator, the same. Clearly, discussions about the potential threats goes on in a community forum, but we would not have participated in homeland security's internal prioritization and ordering of the threats.

Senator CLINTON. At several hearings by this committee I have asked about the level of coordination between the DOD, the Intelligence Community, and the DHS because I am concerned that we may not have the appropriate level of information-sharing and coordination.

For example, I was struck by the comments in the newspapers today about the anthrax scare in the DOD facility and the either failure to or inability to better coordinate with the public health response mechanism and the like. I appreciate greatly the wall between the different and appropriate roles that each of you have, between domestic and intelligence, but I am not yet persuaded that we have as sufficient a coordination as we need.

Now, I know that the DNI and how that is stood up will perhaps play some role. But I think it would be useful to again think more closely. If you look at the list that DHS has put forth—nuclear detonation, sarin nerve agent, truck bombing—it is almost impossible to imagine that there is not quite a bit of overlap in trying to make those assessments between what we know, and what the information is we are gathering abroad.

Obviously, much of this list is based on DHS's assessment of the intelligence that it is receiving and how it is evaluating it. I am hoping that we can continue to improve the flow of information and

coordination, and I would look forward to hearing any ideas you might have on that.

Second, I read this week that General Musharraf said the Pakistani army might have come close to capturing Osama bin Laden near the Afghan border in late spring or early summer of last year. Could each of you enlighten us on the status of the hunt for bin Laden?

Mr. GOSS. Senator, thank you. For the first part of the question, I totally agree that the level of coordination is a constant job. We always have to be working at that. It is not just cooperation; it is moving the information, it is needing to share it with those who need to know it. That takes some doing. We are dealing with horizontal integration as well as vertical, down to the State, local, and the municipal.

Some of this is new for some people, and it is actually happening. It is perhaps not happening as fast as we would like, but it is happening and it will continue to happen, because the thrust is all that way.

I think that I would agree with your surmise that the information-sharing is not sufficient yet, but the trend lines are good and the momentum and the push we are giving it is right. I think we are heading in the right direction.

As for talking about some of the information, we do have a problem. Candidly, sometimes we pick things up somewhere around the world in the many ways we do it. We are not really sure whether it is real. Even if it is a wonderful source, we are not sure whether it is wishful thinking or coffee house chat or something else.

So what is a real plot? When somebody says trucking industry or big building or something somewhere, is that a real plot or is it wishful thinking? Those kinds of fine filters are a new kind of analysis for us. We are doing better at it, but there is still room for improvement.

In terms of the hunt for bin Laden, I would like to reserve some of that for the closed session. I could simply say it goes on. It is very informed, and I would agree that there have been times when we have been closer than not.

Senator CLINTON. Admiral?

Admiral JACOBY. I join the DCI and would like to follow up in closed also, please.

Senator CLINTON. Director Goss, in the last 10 days or so former Senator Sam Nunn gave a very thorough and somewhat disheartening speech about the status of nonproliferation efforts at the National Press Club. The thrust seemed to be that we are losing ground with opportunities to dismantle and prevent the potential misuse of nuclear material and weaponry, particularly out of the former Soviet Union.

Have you had a chance to read Senator Nunn's speech?

Mr. GOSS. I have not.

Senator CLINTON. Have you, Admiral Jacoby?

Admiral JACOBY. I have not, no, ma'am.

Senator CLINTON. Well, obviously I have a very high regard for Senator Nunn for his experience in this area. Perhaps if I could, Mr. Chairman, I would appreciate getting some response with re-

spect to the specific points Senator Nunn made from both of our witnesses at some future point.

[The information referred to follows:]

[Deleted.]

Chairman WARNER. Yes, I think that is very much an issue before this committee, and if each of you would provide for the record at your convenience a response to Senator Clinton's questions.

Senator CLINTON. Thank you.

Chairman WARNER. I thank the Senator from New York.

Now, Senator Levin, you had one or two further items?

Senator LEVIN. Just a couple questions.

Chairman WARNER. Then we will proceed to the closed session.

Senator LEVIN. This is a housekeeping issue.

I want to get back into the question of torture and abuse, because there has been some suggestions here which I think have to be clarified by our witnesses. First of all, I think everybody agrees that interrogation does, if properly held, produce useful intelligence at times. But we have also been told that torture, abusive interrogation, does not produce reliable intelligence. Would you agree with that, Director?

Mr. GOSS. I would agree that torture is not proper interrogation and it does not give you the results that professional interrogation would bring you.

Senator LEVIN. In other words, it does not give us credible or reliable intelligence if it is tortured out of somebody?

Mr. GOSS. I cannot say in every circumstance. I just simply say that professional interrogators will tell you that torture is not the best way to get good interrogation properly done. I cannot say in every instance that somebody who is tortured gives you good or bad information.

Senator LEVIN. But there are a lot of reasons that we do not engage in torture. Number one, it is opposed to our laws and our values, right?

Mr. GOSS. It is opposed to our laws and our values.

Senator LEVIN. As a general matter it does not produce reliable intelligence, would that be accurate, as a general matter?

Mr. GOSS. I would guess so.

Senator LEVIN. It also jeopardizes our men and women, does it not, who are wearing our uniform, who might be captured some day? Admiral, would you agree with that?

Admiral JACOBY. I would, yes, sir.

Senator LEVIN. I think we have to be very careful with some of the suggestions that are made here. We all want interrogation of people who are captured. We want the intelligence which we can get from them and we want it to be reliable. But we also want to protect the men and women who are representing this Nation and that is not advanced if we engage in torture or abusive practices. We have been told that over and over again by our military, and by the CIA, and it seems to me we need you to clearly reaffirm that for us here this morning.

Mr. GOSS. I reaffirm that.

Senator LEVIN. All right.

Mr. GOSS. It is too important a tool to lose. Therefore it must be done professionally and we must have careful oversight.

SENATOR LEVIN. Director, the Church report said that approximately 30 ghost detainees who were unregistered were held at DOD facilities in Iraq and that was at the request of the CIA. That is what the Church report tells us. Would you agree with that?

Mr. GOSS. If we are going to talk about the findings of the methods of how the Intelligence Community works, sir, could we do that in the next session? I would be happy to answer it.

SENATOR LEVIN. Well, except that he told us that in an unclassified session, and that is in his unclassified report, that approximately 30 ghost detainees were held unregistered at DOD facilities in Iraq at the request of the CIA.

Mr. GOSS. I have no doubt that that is his report, that is his finding.

SENATOR LEVIN. If he can say that publicly, why can you not?

Mr. GOSS. Sir, I do not know about the details of the report and how he came to that conclusion or not. The question here was registering. Your question is some numbers were apparently not registered. I do not know what the time lines for registering are. I do not know what the definition of "ghost detainees" are.

SENATOR LEVIN. You have also made reference, Director, to the IG of the CIA having briefed the Intelligence Committee, and I think the chairman clarified that, that it was not the Intelligence Committee. He said, accurately I believe, that it was the chair and vice chair of the Intelligence Committee that he talked to.

However, that is not my question. My question is, have you checked with the IG at the CIA on the status of his investigation? Do you keep yourself informed on that?

Mr. GOSS. Yes.

SENATOR LEVIN. So you know the status of the investigation?

Mr. GOSS. I know generally the status. I do not know each and every detail, and I do not get an update every day. I do ask him how he is proceeding. I ask him if he has problems. I know about the workload that he has on it. I know that he has referred some cases. He tells me when he refers a case to the Department of Justice. He keeps me informed actually more than I ask him.

SENATOR LEVIN. Well, I would hope he would give you some idea as to when we are going to get a report, number one. This is a huge missing piece. There is a lot of missing pieces in terms of detainees and the handling of detainees. There has been no responsibility which has been in any way directed at the people whose policies were in conflict. There has been no assessment of that responsibility. We have nothing in terms of the Intelligence Community's role in these practices.

We cannot get it. We get the FBI memos. These now are declassified. They are out there on the Web. They have been released as a response to a request for information under the Freedom of Information Act. We know that we are told that at this Guantanamo interrogations that there are representatives of unnamed agencies. We presume they are from the CIA, but we cannot find out, and have had no assessment in terms of the Intelligence Community's role in improper detainee interrogations. It is essential that that

piece be filled in, Director, and that we have some idea as to when that report is going to be forthcoming.

Mr. GOSS. Senator, I would agree with you that it is essential that that piece not only be filled in, but be filled in regularly and timely. I think the difference of our understandings is that my understanding is that the oversight is being done by the Intelligence Committee, at least under the system that has been carved out by your rules, not by ours, and how they would like to have that done.

SENATOR LEVIN. But my question relates to your oversight, your IG's report, and the importance of getting that report completed. I would hope that you would have some idea as the head of the agency as to when your IG is going to complete that report.

Mr. GOSS. Sir, I can assure you that in one case he has completed action on one and a prosecution has taken place, in the case in North Carolina.

SENATOR LEVIN. I am talking about the role generally of the agency and the rules that were followed or not followed by the agency. That is what we are talking about.

Mr. GOSS. That was a report that was asked by my predecessor and it is a report that has a number of recommendations, that I have referred to in my testimony. I have certainly shared with the Intelligence Committee. I believe that certainly the chairman and ranking member, and some of the staff have been briefed in on the aspects of the transfer, the detention, the interrogation, and the techniques. As far as I know, there has been no question that has been asked that has not been answered to the committee.

SENATOR LEVIN. Is that a report that you are willing to share with this committee, since the Intelligence Community and the defense community overlap in terms of interrogation? Will you share that report with this committee?

Mr. GOSS. I would be very happy to share the materials that come from the Community with the oversight, with the overseers that have been designated for those matters.

SENATOR LEVIN. I think that means no.

Mr. GOSS. Well, sir, we are being as cooperative as we can to do that by the rules we are given to work with.

CHAIRMAN WARNER. Let me at some point just make a comment. Are you through?

SENATOR LEVIN. No, I have another question.

You said this morning, Mr. Director, there are no techniques being used by the Intelligence Community now that are against the law. Now, the Bybee memo and the rules that were provided in that memo were in effect for about 2 years. Are you able to tell us today that there were no techniques being used by the Intelligence Community that were against the law during that period of time up to the end of 2004?

Mr. GOSS. I am not able to tell you that. I am able to discuss some of the matters in closed session.

SENATOR LEVIN. My last request is a housekeeping request. You very forcefully this morning assured us that you are going to provide information to the oversight committees, that you want to cooperate with Congress, and I cannot tell you how welcome that assurance is. There is, however, a host of information and questions

which have been outstanding for about a year, information which has been due from the CIA to this committee for about a year.

There are four questions for the record from a year ago which have not been forthcoming and have not been answered. Two are from Senator Dole, one from Senator Akaka, and one from me. There have been document requests: April 9, 2004, April 29, 2004, and June 29, 2004.

We have been assured that the material and the answers would be forthcoming over and over and over again. This is a year now. This is before you were the Director, so I am not going to hold you responsible obviously for those failures and those broken promises for documents. But I would ask you, sir, if you would take this list from me this morning that sets out all the questions which have not been answered to this committee and all the documents which have been promised, and if you would promptly address yourself to responding to those questions and providing those documents.

Mr. Goss. Senator, first of all let me apologize to you for the lack of response to the committee and to the people involved in that. I do not know the circumstances. You have my assurance I will receive that and we will turn to it immediately.

Senator LEVIN. Thank you.

Chairman WARNER. Thank you, Senator Levin. Excuse me for using the word "housekeeping." When we talked earlier I thought it was with regard to documents.

Senator LEVIN. I think I misstated that, too.

Chairman WARNER. Your question line prior thereto was very important.

Let me address the issues procedurally of the work being done by the Senate Intelligence Committee, of which I am now an ex-officio member and in a previous Congress I was a member and ranking member. There are times when under the rules of procedures of that committee the agency briefs only the chairman and ranking member. In consultation with Senator Roberts, I am satisfied that that process is going forward and will continue to go forward in a satisfactory manner on the issues, many of them raised by Senator Levin, with regard to this prisoner issue.

There is some overlap with the jurisdiction of this committee and Senator Roberts and I have no difficulty ever trying to resolve the sphere and scope of the activities of our respective committees.

Senator SESSIONS. Mr. Chairman.

Chairman WARNER. Yes.

Senator SESSIONS. We have been through these issues in Judiciary Committee. In my view the Bybee memo states the ultimate powers of the presidency to defend America. The parts of it that were most controversial were withdrawn. I am not at all certain that if the Bybee memo were followed by CIA they violated any international laws.

Number two, the Red Cross under the Geneva Conventions has the ability to identify prisoners, but these prisoners do not qualify under the Geneva Conventions because they are unlawful combatants. They are terrorists. They do not wear a uniform. They do not represent a state. They are out to kill anybody. They do not qualify.

But the President has said we will treat them humanely in any case.

Matters have been raised that suggest that our soldiers and our intelligence officers have carried out torture when the U.S. Congress has defined torture, and torture by this Congress was defined. Senator Kennedy and others voted for the statute and it says "substantial pain and psychological distress."

So the idea that somebody can be treated better who cooperates and somebody who is not cooperating gets less well treatment is not torture. I think a lot of the actions that have been carried out have been within the law and should not be defined as torture because it is not torture under the statute.

Chairman WARNER. I thank my colleague.

We have to shorten our session so that we can do a closed session, and then the Senate has an extensive calendar of votes coming up. It has been a very good hearing, Director Goss.

Mr. GOSS. Thank you, sir.

Chairman WARNER. I welcome you for your first official appearance before this committee. Admiral Jacoby, the same. We will continue now in room 219, the Intelligence Committee spaces.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

CHINA'S MILITARY BUDGET

1. Senator INHOFE. Admiral Jacoby, I understand that China's official military budget would grow by 12.6 percent this year to \$30 billion, in line with its past budgets. However, I also understand that this may not be a completely accurate disclosure, that it does not include the cost of new weapons purchases and research that could push China's actual military budget upwards of \$60 billion. The U.S.-China Commission and the Department of Defense (DOD) assessed that the 2004 People's Liberation Army (PLA) defense budget was grossly under-reported and that reliance on official figures excluded much of China's military modernization program. The U.S.-China Commission estimated that China's defense budget is at least two to three times higher than its official statements. Even if we accept China's official figures, its defense budget has increased by 13 percent nearly every year since 1997. This is far above its average 8.2 percent gross domestic product (GDP) growth for those years.

Can you please comment on China's questionable defense budget accounting and the implications of its sustained double-digit military growth?

Admiral JACOBY. [Deleted.]

CHINA'S ONGOING PROLIFERATION

2. Senator INHOFE. Admiral Jacoby, China has long been a known proliferator of prohibited weapons and technologies to countries such as Iran, North Korea, and Pakistan. This proliferation occurs in spite of repeated nonproliferation commitments in 1992, 1994, 1998, 2000 and 2002. The U.S.-China Commission's 2004 report states, "China's assistance to weapons of mass destruction-related programs in countries of concern continues, despite repeated promises to end such activities and the repeated imposition of U.S. sanctions." This is more than just a problem. For these countries to obtain weapons of mass destruction (WMD) technology clearly threatens our national security in an immediate way. Some of the companies known for proliferation have been repeatedly sanctioned for more than a decade. At the very least it appears that the Chinese government is ineffective or worse, negligent. But as closely as some of these cases are linked to the government, I don't think we can safely assume anything. How is this proliferation occurring and why has it been allowed to continue?

Admiral JACOBY. [Deleted.]

CHINA'S ENERGY PROBLEM

3. Senator INHOFE. Admiral Jacoby, I am alarmed at the growing gap between China's exploding energy needs and its topped-out production level. I am even more concerned at where they are looking for new energy sources. As you stated in your written testimony, "Beijing may also think it has an opportunity to improve diplomatic and economic relations, to include access to energy resources, with other countries distrustful or resentful of U.S. policy." I think we have seen this with Iran and Venezuela. This is a very disturbing trend. I quote the U.S.-China Commission's 2004 report: "One of Beijing's stated goals is to reduce what it considers U.S. superpower dominance in favor of a multi-polar global power structure in which China attains superpower status on par with the United States." Would you comment on the significance of this trend?

Admiral JACOBY. [Deleted.]

4. Senator INHOFE. Admiral Jacoby, would it be an exaggeration to say that we are moving toward a zero-sum game with China?

Admiral JACOBY. [Deleted.]

CHINA'S MILITARY MODERNIZATION

5. Senator INHOFE. Admiral Jacoby, you said in your written testimony that China's "acquisition priorities appear unchanged from my testimony last year." In light of this, please comment on the implications of China's increased amphibious assault ship production, its recent launch of "Type 094" nuclear submarines (which are the first capable of striking the continental U.S. with nuclear missiles from its home waters) and the development of the strategic JL-2 ballistic missile. Do these developments represent a continuation or change in China's alarming weapons acquisition program?

Admiral JACOBY. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR SUSAN COLLINS

INTELLIGENCE REFORM AND TERRORISM PREVENTION ACT OF 2004

6. Senator COLLINS. Admiral Jacoby, the 9/11 Commission identified the failure to share information as a significant problem plaguing both the Intelligence Community's and the executive branch's capabilities to counter terrorism. To remedy this problem, the intelligence legislation mandates the creation of an Intelligence Sharing Environment (ISE) in order to ensure the sharing of terrorism information across the executive branch. The legislation authorizes \$20 million for each of fiscal years 2005 and 2006 so that the executive branch can implement this section and create the ISE. What is the status of the executive branch's creation of the ISE, and where is the funding for the ISE contained in the President's fiscal year 2006 budget request?

Admiral JACOBY. The General Defense Intelligence Program (GDIP), the Director of National Intelligence's defense component of the National Intelligence Program, did not receive any fiscal year 2005 funds specifically designated for an "Intelligence Sharing Environment" (ISE), nor has the GDIP programmed for ISE funds in the fiscal year 2006 President's budget submission. Nevertheless, both DIA and GDIP have been tireless advocates of policies and supporters of programs that share information within the Intelligence Community and Law Enforcement Agencies. These programs have been supported by the DCI with funds and billets. They include expansion of the Joint World Wide Intelligence Communication system and fielding of IT tools to combine greater access to data and with the ability to more fully exploit it to derive knowledge. We are accelerating implementation of the Regional Service Centers to meet increased requirements for global sensitive compartmented information (SCI) connectivity, including increased bandwidth requirements to the SCI portion of the Global Information Grid-Bandwidth Expansion initiative. This effort also includes modernized infrastructure and enhanced services such as intrusion detection and network monitoring using emerging technologies and capabilities. We are also in the process of content tagging all of our collection and all-source intelligence reports using Extensible Markup Language (XML). We are convinced commercial sector "content management practices" and data standards hold the key to upgrading our information management capability and place us closer to the information sharing environment and smart networks envisioned by the 9/11 Commission's report and the spirit of the intelligence reform legislation act.

RENDITION

7. Senator COLLINS. Admiral Jacoby, we seem to me to be in a catch-22 situation vis-à-vis the CIA and DOD rendition policies, and this concerns me greatly. The Pentagon has asked Congress for another \$41 million in supplemental funding for construction at Guantanamo Bay, including \$36 million for a new, more modern prison and \$5 million for a new perimeter fence. Some press reports indicate that as many as 200 of those now at Guantanamo will most likely remain there indefinitely.

But freeing or returning prisoners also has its problems. There are legal constraints on releasing prisoners to home countries in which they may face abuse or even death. Transferring detainees could also threaten American security because they might escape from foreign prisons or the foreign governments might free them.

Admiral Jacoby, what are your recommendations to establish a workable policy and legal framework that allow us to properly hold or release remaining and future prisoners?

Admiral JACOBY. The legal and policy aspects of continued detention or release of personnel at Guantanamo Bay are matters appropriately addressed by national level policy makers. As an intelligence element, DIA does not formulate national policy.

8. Senator COLLINS. Admiral Jacoby, do you think rendition is an effective and legal way to prevent terrorism?

Admiral JACOBY. An ability to render terrorists to justice is one of the components of a counterterrorism strategy. Questions regarding legality are matters that are outside of the purview of the Defense Intelligence Agency.

9. Senator COLLINS. Admiral Jacoby, do we know precisely how many detainees were "kept off the books" or were "ghost detainees"?

Admiral JACOBY. DIA has no involvement in rendition policies or operations. I have no knowledge of how many detainees were kept off the books or were ghost detainees.

10. Senator COLLINS. Admiral Jacoby, what was the justification for this practice? Admiral JACOBY. I do not have knowledge of the justification for this practice.

11. Senator COLLINS. Admiral Jacoby, was there a set policy between the CIA and DOD regarding the process for holding unreported detainees?

Admiral JACOBY. I do not have knowledge of such a policy or process.

12. Senator COLLINS. Admiral Jacoby, does this practice continue today? Admiral JACOBY. I do not know if this practice continues.

QUESTIONS SUBMITTED BY SENATOR SAXBY CHAMBLISS

MILITARY INTELLIGENCE REORGANIZATION ACT OF 2005

13. Senator CHAMBLISS. Admiral Jacoby, on March 16 Senator Ben Nelson and I introduced S.260, the "Military Intelligence Reorganization Act of 2005." This legislation would create a unified, four-star military Intelligence Command (INTCOM), which would be comprised of DIA and Service components as designated by the Secretary of Defense. The legislation also allows for the Secretary of Defense to give the INTCOM commander the Department's responsibility for direction and oversight of the three national intelligence agencies in DOD, namely, the National Security Agency (NSA), the National Geospatial-Intelligence Agency (NGA), and the National Reconnaissance Office (NRO). Our two main purposes in creating INTCOM are, first, to provide the new DNI, the Secretary of Defense, and the Chairman of the Joint Chiefs of Staff with one primary advisor regarding military intelligence, and second, to help ensure our combatant commanders (COCOMs) and our troops on the ground have a military intelligence structure that is streamlined, inclusive, easy to use, and provides them with the most timely and accurate intelligence available.

As for intelligence support to our warfighters, I'm aware that there are a series of steps under review to remodel defense intelligence, known as the RDI initiatives, and that central to this is the establishment of Joint Intelligence Operations Centers (JIOCs) for the COCOMs. In your view, could INTCOM serve as the one-stop-shop for a COCOM's intelligence needs by providing DOD intelligence assets and coordinating with the DNI for non-DOD support for COCOM requirements?

Admiral JACOBY. Success at providing one stop shopping for the intelligence needs of the combatant commands would depend upon the level and extent of authority that the Secretary of Defense would designate for INTCOM over specific Service intelligence components and the Combat Support Agencies—DIA, NGA, NSA, plus NRO.

14. Senator CHAMBLISS. Admiral Jacoby, could INTCOM put together a JIOC tailored for the specific intelligence needs of the COCOM, assign it to the COCOM, and then provide continuous support to the JIOC?

Admiral JACOBY. There are a number of ways to ensure a JIOC can be tailored for the specific needs of a COCOM. The key to any successful architecture is that the deciding authority must have the ability to move intelligence resources across programmatic boundaries. For instance, if the JIOC needed true all-source intelligence capabilities and support, resources resident in GDIP, CCP, NGP, NRP, JMIP, and TIARA would be needed. Any legislation would need to provide the INTCOM Commander with sufficient authority to align personnel resources and capabilities assigned to the JIOC from these different programs.

15. Senator CHAMBLISS. Admiral Jacoby, is INTCOM compatible with the RDI initiatives?

Admiral JACOBY. Initiatives that enhance the ability to operate Defense intelligence as an integrated enterprise—a system-of-systems—are likely to be compatible with RDI.

16. Senator CHAMBLISS. Admiral Jacoby, turning to the DNI, we believe that he will have an unmanageable span of control trying to coordinate 15 different members of the Intelligence Community, eight of which are in the DOD. With INTCOM, however, the DNI could deal with a single point of contact for the majority of his dealings with the military. What impact do you think INTCOM will have on the DNI's ability to effectively manage the Intelligence Community?

Admiral JACOBY. I believe Ambassador Negroponte should be the judge of what impact an INTCOM would have on his ability to manage the Intelligence Community.

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

TERRORIST THREATS

17. Senator LEVIN. Admiral Jacoby, on March 15, Admiral Keating, the Commander of U.S. Northern Command, told this committee that, "We do not have any active intelligence of a capability of a terrorist group to launch a missile attack against the U.S. from a ship." Do you agree with Admiral Keating?

Admiral JACOBY. I agree with Admiral Keating.

18. Senator LEVIN. Admiral Jacoby, do you agree, as your prepared testimony suggests, that we are more likely to face a terrorist attack against the United States than a ballistic missile attack against the Nation?

Admiral JACOBY. As outlined in my statement for the record, I believe global terrorism represents the greatest and most immediate threat to our Nation and interests.

CONFIDENCE IN ESTIMATES OF IRAN'S NUCLEAR INTENTIONS

19. Senator LEVIN. Admiral Jacoby, as the unanimous Senate Select Committee on Intelligence report demonstrates, the Intelligence Community was seriously wrong in its assessments of Iraq's weapons of mass destruction (WMD) programs. We went to war against Iraq largely on the argument that Iraq possessed WMD and could provide them to terrorists. How are you guarding against making the same kind of mistakes with respect to analysis of Iran's nuclear activities, which I believe you both admit are dual-use activities (that is, they could be used for nuclear power or for nuclear weapons)?

Admiral JACOBY. [Deleted.]

NORTH KOREA—WILLINGNESS TO GIVE UP NUCLEAR PROGRAMS

20. Senator LEVIN. Admiral Jacoby, according to The Washington Times on March 15 a North Korean Foreign Ministry spokesman said, "Reality proves that our pos-

session of nuclear weapons guarantees balance of power in the region and acts as a strong deterrent against the outbreak of war and for maintaining peace," and added that the north, "will take necessary countermeasures, included bolstering of its nuclear arsenal, to cope with the extremely hostile attempt of the U.S. to bring down [our] system."

Does the Intelligence Community believe that North Korea would be willing, under certain circumstances, including a guarantee by the United States not to forcibly attempt to change North Korea's government, to give up its nuclear programs?

Admiral JACOBY. As I outlined in my statement, DIA judges North Korea may eventually agree to negotiate away parts of its nuclear weapon stockpile and program and agree to some type of inspection regime. However, we do not currently foresee conditions under which North Korea under Kim Jong Il would entirely surrender its nuclear weapons programs and capabilities, given its previous pursuit of a covert program, concerns over external threats to include the United States, and association of such capabilities with regime survival and legitimacy.

21. Senator LEVIN. Admiral Jacoby, if so, under what circumstances?

Admiral JACOBY. DIA does not currently foresee conditions under which Kim would entirely surrender his nuclear weapons programs and capabilities.

NORTH KOREA—MISSILES

22. Senator LEVIN. Admiral Jacoby, do you believe that North Korea has the ability to arm a missile with a nuclear device?

Admiral JACOBY. [Deleted.]

23. Senator LEVIN. Admiral Jacoby, do you believe that North Korea has the ability to deploy a two-stage intercontinental nuclear missile that could successfully hit U.S. territory?

Admiral JACOBY. [Deleted.]

24. Senator LEVIN. Admiral Jacoby, if not, how long do you believe it will take them to acquire this capability?

Admiral JACOBY. [Deleted.]

25. Senator LEVIN. Admiral Jacoby, how long will it take them to then develop a three-stage missile capable of reaching all of the United States?

Admiral JACOBY. [Deleted.]

CHINA—MILITARY BUILDUP

26. Senator LEVIN. Admiral Jacoby, by all accounts, China has increased its defense spending by at least 12 percent, and is modernizing and improving the capabilities of their Armed Forces. What is the Intelligence Community assessment of the intent behind China's buildup and modernization?

Admiral JACOBY. [Deleted.]

27. Senator LEVIN. Admiral Jacoby, are there differences within the Intelligence Community on this?

Admiral JACOBY. [Deleted.]

28. Senator LEVIN. Admiral Jacoby, what is the DIA's assessment?

Admiral JACOBY. [Deleted.]

CHINA—EUROPEAN CONTRIBUTION TO MILITARY BUILDUP

29. Senator LEVIN. Admiral Jacoby, how have European countries and corporations been assisting in China's military modernization and buildup?

Admiral JACOBY. [Deleted.]

30. Senator LEVIN. Admiral Jacoby, have the Europeans been selling items or technology to China that is more advanced, more qualitatively superior in terms of its contribution to Chinese capabilities, than the items or technology that the United States has been selling?

Admiral JACOBY. [Deleted.]

31. Senator LEVIN. Admiral Jacoby, if the Europeans lift their sanctions on military sales to China do you expect a change in the quality and quantity of items or technology that the Chinese would have access to?

Admiral JACOBY. [Deleted.]

SECURING NUCLEAR MATERIALS AND WEAPONS IN RUSSIA

32. Senator LEVIN. Admiral Jacoby, there has been a policy concern that any security upgrades not be made if such upgrades could possibly improve operational capabilities at a Russian military facility. From a practical perspective what difference does it make if nuclear materials or weapons used against the U.S. or its friends or allies are stolen from an operational base or a storage facility?

Admiral JACOBY. [Deleted.]

33. Senator LEVIN. Admiral Jacoby, is this still the policy and if it is should we rethink that policy?

Admiral JACOBY. [Deleted.]

QUESTIONS SUBMITTED BY SENATOR DANIEL K. AKAKA

INSURGENCY IN IRAQ

34. Senator AKAKA. Admiral Jacoby, you have testified recently that "the insurgency in Iraq has grown in size and complexity over the past year. Attacks numbered approximately 25 per day 1 year ago. Today, they average in the 60s." Improvised explosive devices (IEDs) have been the weapon of preference for these attacks. Could you explain where the terrorists are getting the weapons for these attacks?

Admiral JACOBY. [Deleted.]

35. Senator AKAKA. Admiral Jacoby, are they still looting arms depots left over from the Saddam Hussein regime?

Admiral JACOBY. [Deleted.]

36. Senator AKAKA. Admiral Jacoby, in your testimony, you acknowledged that key to defeating the insurgents in Iraq is developing tactical level human intelligence capabilities and a commensurate willingness by Iraqi citizens to come forward to provide information. You indicated that when we arrive at a situation in which Iraqis are coming forward either to volunteer information or to do so for a small payment, we will be getting somewhere. Why have these people not been coming forward yet?

Admiral JACOBY. [Deleted.]

37. Senator AKAKA. Admiral Jacoby, it suggests that insurgent intimidation of the Iraqi people is working. Is that your assessment as well?

Admiral JACOBY. [Deleted.]

ISRAELI ARMS DEALS WITH CHINA

38. Senator AKAKA. Admiral Jacoby, there have been press reports that the U.S. has expressed concern over Israeli arms deals to China and that the U.S. has raised these concerns directly with Israel. Would you provide for the record details of Israeli arms deals with China that remain of continuing concern to the United States?

Admiral JACOBY. [Deleted.]

GLOBAL THREATS ON THE U.S. DURING HIGH OPERATIONAL TEMPO

39. Senator AKAKA. Admiral Jacoby, in your testimony you mentioned that what kept you up at night was the variety of sophisticated global threats that the U.S. was facing during a period of high operational tempo while transforming our Armed Forces structure. Do you believe that these threats growing faster than our ability to gather intelligence and manage these challenges to our security?

Admiral JACOBY. No.

IRAN

40. Senator AKAKA. Admiral Jacoby, press reports indicate that the United States has deployed unmanned aerial vehicles over Iran to conduct surveillance. Could you confirm or deny that these overflights have taken place?

Admiral JACOBY. Based on our coordination with U.S. CENTCOM and the Joint Staff, DOD is not conducting UAV operations within Iranian airspace.

[Whereupon, at 12:10 p.m., the committee adjourned.]

